THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

I. PARTIES

A. Address

THIS AGREEMENT FOR SOFTWARE LICENSES AND SERVICES RELATED TO AN ENTERPRISE RESOURCE SYSTEM ("Agreement") is made on the Countersignature Date between the **CITY OF HOUSTON, TEXAS** ("City"), a Texas Home-Rule City, and SAP Public Services, Inc. ("Contractor"), a Delaware corporation doing business in Texas.

The initial addresses of the parties, which one party may change by giving written notice to the other party, are as follows:

City

Chief Information Officer
or Designee
City of Houston
P.O. Box
Houston, Texas

Contractor

Director of Contracts
3999 West Chester Park
Newton Square, PA 19073

The Parties agree as follows:

B. Table of Contents

This Agreement consists of the following sections:

TABLE OF CONTENTS

Page No.

I. PARTIES 1
- A. Address 1
- B. Table of Contents 2
- C. Parts Incorporated 4
- D. Controlling Parts 4
- E. Signatures 5

II. DEFINITIONS 6

III. DUTIES OF CONTRACTOR 7
- A. Scope of Services 7
- B. Reports 7
- C. Schedule of Performance 7
- D. Time Extensions 8
- E. Additions (Change Orders) 8
- F. Prompt Payment of Subcontractors 9
- G. Personnel of the Contractor 10
- H. INDEMNIFICATION 10
- I. DELIVERABLES INDEMNIFICATION - (PATENT, COPYRIGHT, TRADEMARK, AND TRADE SECRET INFRINGEMENT) 11
- J. SOFTWARE INDEMNIFICATION 12
- K. INDEMNIFICATION PROCEDURES 12
- L. Insurance 13
- M. Warranties 16
- N. Use of Work Products 17
- O. Acceptance 17
- P. Licenses and Permits 17
- Q. Compliance with Equal Opportunity Ordinance 18
- R. MWBE Compliance 18
- S. Drug Abuse Detection & Deterrence 18
- T. LIMITATION OF LIABILITY 19

IV. DUTIES OF CITY 20
A. Payment Terms 20
B. Taxes 20
C. Method of Payment 20
D. Method of Payment - Disputed Payments 21
E. Limit of Appropriation 21
F. Access to Site 23
G. Access to Data 23
H. City Project Manager 24
I. Confidentiality 23
J. Additional Duties of the City 23

V. TERM AND TERMINATION 24
A. Agreement Term 24
B. Renewals 24
C. Termination for Convenience by City 24
D. Termination for Cause by Contractor 25
E. Termination for Cause by City 26

VI. MISCELLANEOUS 27
A. Independent Contractor 27
B. Force Majeure 27
C. Severability 28
D. Entire Agreement 28
E. Written Amendment 28
F. Applicable Laws 29
G. Notices 29
H. Captions 29
I. Non-Waiver 29
J. Inspections and Audits 30
K. Enforcement 30
L. Ambiguities 30
M. Survival 31
N. Publicity 31
O. Parties In Interest 31
P. Successors and Assigns 31
Q. Business Structure and Assignments 31
R. Remedies Cumulative 32
S. Contractor Debt 32
T. Performance Bond 32

EXHIBITS

A. STATEMENT OF WORK
B. PAYMENT TERMS
C. SOFTWARE END USER LICENSE AGREEMENT
D. EQUAL EMPLOYMENT OPPORTUNITY
E. DRUG POLICY COMPLIANCE AGREEMENT
F. DRUG POLICY COMPLIANCE DECLARATION
G. CERTIFICATION OF NO SAFETY IMPACT POSITIONS
H. MWBE SUBCONTRACT TERMS
I. PERFORMANCE BOND

C. Parts Incorporated

The above-described sections and exhibits are incorporated into this Agreement.

D. Controlling Parts

If a conflict among the sections and exhibits arises, the exhibits control over the sections. All software license terms are in Exhibit "C".

(end of this page)

E. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

ATTEST/SEAL (if a corporation): WITNESS (if not a corporation):	**SAP PUBLIC SERVICES, INC.**
By:_____ Name: Title:	By:_____ Name: Title: Date: _____ Tax I.D. No. 54-1865804
ATTEST/SEAL:	CITY OF HOUSTON, TEXAS Signed by:
_____ City Secretary	_____ Mayor
APPROVED:	COUNTERSIGNED BY:
_____ City Controller	_____ Chief Information Officer
APPROVED AS TO FORM:	DATE COUNTERSIGNED:
_____ Sr. Assistant City Attorney L.D. File No.	_____

II. DEFINITIONS

All capitalized terms in this Agreement have the meaning set out in this Section or Exhibit "C".

"Acceptance" is defined in the Statement of Work.

"Business Day" means Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m. Central Time excluding the City's holidays.

"Central Time" means Houston time.

"Countersignature Date" means the date the City Controller countersigns this Agreement.

"Deliverables" are identified in the Statement of Work.

"Director" means the City's Chief Information Officer, and his or her designee or successor.

"ERP Software" means that Software that is licensed to the City by SAP Public Services, Inc. pursuant to the Software End-User License Agreement in Exhibit "C," including any Modifications or Extensions.

"Key Personnel" means the people identified in the Statement of Work and includes employees of both Contractor and Contractor's subcontractors.

"Original Contract Amount" means $20,076,441, including future year maintenance fees and up to $2 million for Special Services (as such term is defined in Exhibit "A") subject to allocation.

"Services" means software consulting and professional services set out in the Statement of Work.

"Software End-User License Agreement" or "EULA" means the software license signed between the City and SAP attached as Exhibit "C."

"Software License" means the licenses set out in Exhibit "C".

"ERP System" shall have the meaning set forth in the Statement of Work.

Statement of Work is attached hereto as Exhibit "A".

"Third Party Software" means the RWD & BSI products set out in Exhibit "C" and licensed to the City by SAP.

III. DUTIES OF CONTRACTOR

A. Scope of Services

In consideration of the payments specified in this Agreement, Contractor shall furnish to the City:

1. The Software, Licenses and Maintenance set out in Exhibit "C", and
2. The Services described in the Statement of Work.

B. Reports

Contractor shall submit all reports and progress updates required by the Director in a form agreed to in the Statement of Work.

C. Schedule of Performance

Time of Performance

The Director shall provide Contractor a written Notice to Proceed specifying a date to begin performance (the "Start Date"), which shall be no later than five Business Days after the Countersignature Date. Contractor shall begin its performance no later than the Start Date and shall continue to perform diligently until this Agreement is terminated or all services are completed, whichever comes first.

Schedule

Contractor shall complete each task as set out in Exhibit "A" or in the implementation Plan

developed under this Agreement. If Contractor fails to complete the implementation of the System within the time established in the Implementation Plan as the result of its own acts or omissions, Director may in his or her sole discretion, terminate this Agreement or grant time extensions as set out in Section D below.

D. Time Extensions

If Contractor requests an extension of time to complete its performance, then the Director may, in his or her sole discretion, extend the time for a period not to exceed 12 months. The extension must be in writing but does not require amendment of this Agreement. To the extent that an extension is due to Contractor delay and not a Force Majeure event, Contractor is not entitled to damages for delay(s); however, any additional costs incurred by Contractor due to delay by the City shall be administered through the Request for Change process, but they shall never exceed the balance of appropriation available under the Agreement.

E. Additions (Change Orders)

(1) Additional Products and Services

The Director may add additional Services "Deliverables" by giving written notification to Contractor via a mutually agreed Change Order. The Director may obtain Licenses for additional Software by mutually acceptable appendices executed by both parties, subject to the City's allocation of funds to pay for them. For purposes of this Section, the Effective Date means the date on which Contractor receives written notification of the addition(s). As of the Effective Date, each additional Deliverable is subject to this Agreement, as if it had originally been a part, but the charge for each additional Deliverable and service starts to accrue only on the Effective Date. If a Contractor is unable to meet an original deadline due to any additional Deliverable, then such delay shall not be

deemed a default nor grounds for termination of this Agreement; however, Contractor shall meet the new deadline established in the Change Order identifying the Additional Deliverables.

The Director may delete Software, licenses or maintenance services in accord with the terms set forth in section 5 of Exhibit C (Software and licenses) and paragraph 6 of the Maintenance Schedule to Exhibit C (Maintenance).

Total charges for additions to this Agreement must never exceed 25% of the Original Contract Amount unless:

- ☒ the additions are exempt from the competitive bidding or proposal requirements, set forth in Tex. Local Govt. Code Chapter 252; or
- ☒ the City acquires the additions from Contractor through a competitive bid or competitive proposal.

(2) Change Orders

The Director may request Change Orders to add Deliverables or services in an aggregate amount not to exceed 10% of the total contract amount (including all phases) without the need to return to Council for approval as long as Council has appropriated sufficient funds to pay for such Change Orders.

F. Prompt Payment of Subcontractors

Contractor shall make timely payments to all persons and entities supplying labor, materials, or equipment for the performance of this Agreement. **CONTRACTOR SHALL DEFEND AND INDEMNIFY THE CITY FROM ANY CLAIMS OR LIABILITY ARISING OUT OF CONTRACTOR'S FAILURE TO MAKE OR DELAY IN MAKING NON-DISPUTED PAYMENTS TO SUBCONTRACTORS.** Contractor shall submit disputes relating to payment of

MWBE subcontractors, if any, to arbitration in the same manner as any other disputes under the MWBE subcontract. Contractor shall make timely payments for invoices that are not in dispute.

G. Personnel of the Contractor

Contractor shall assign a Project Manager (CPM) to serve as the City's primary point of contact for all tasking, work schedule assignments/deviations, change management and customer liaison issues for the duration of the Project. The CPM shall be one of Contractor's Key Personnel.

H. **INDEMNIFICATION**

CONTRACTOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

(1) CONTRACTOR'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 1-2, "CONTRACTOR") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

(2) CONTRACTOR'S ACTUAL OR ALLEGED STRICT STATUTORY LIABILITY, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY

OR NOT.

CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. CONTRACTOR'S INDEMNIFICATION IS LIMITED TO $500,000 PER OCCURRENCE. CONTRACTOR SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

I. DELIVERABLES INDEMNIFICATION - (PATENT, COPYRIGHT, TRADEMARK, AND TRADE SECRET INFRINGEMENT)

CONTRACTOR AGREES TO AND SHALL RELEASE AND DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL CLAIMS OR CAUSES OF ACTION BROUGHT AGAINST THE CITY BY ANY PARTY, INCLUDING CONTRACTOR, ALLEGING THAT THE CITY'S USE OF THE DELIVERABLES SUPPLIED BY CONTRACTOR IN RELATION TO THE SERVICES PROVIDED HEREUNDER (EXCLUDING ITEMS LICENSED BY SAP PURSUANT TO THE END-USER AGREEMENT) INFRINGES ON ANY UNITED STATES PATENT, COPYRIGHT, OR TRADEMARK, OR MISAPPROPRIATES A TRADE SECRET. CONTRACTOR SHALL PAY ALL COSTS (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS, AND INTEREST) AND DAMAGES AWARDED.

CONTRACTOR SHALL NOT SETTLE ANY CLAIM ON TERMS, WHICH PREVENT THE CITY FROM USING THE DELIVERABLES WITHOUT THE CITY'S

PRIOR WRITTEN CONSENT.

WITHIN 60 DAYS AFTER BEING NOTIFIED OF THE CLAIM OR LONGER AS MUTUALLY AGREED TO BETWEEN THE PARTIES, CONTRACTOR SHALL, AT ITS OWN EXPENSE REPLACE OR MODIFY THEM WITH COMPATIBLE AND FUNCTIONALLY EQUIVALENT PRODUCTS.

J. SOFTWARE INDEMNIFICATION – PATENT, COPYRIGHT, TRADEMARK, AND TRADE SECRET INFRINGEMENT)

SAP agrees to the Patent Indemnity in the Software End-User License Agreement

K. INDEMNIFICATION PROCEDURES

(1) Notice of Claims. If the City or Contractor receives notice of any claim or circumstances, which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within ten days. The notice must include the following:

(a) A description of the indemnification event in reasonable detail,

(b) the basis on which indemnification may be due, and

(c) the anticipated amount of the indemnified loss.

This notice does not estop or prevent the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the City does not provide this notice within the ten-day period, it does not waive any right to indemnification except to the extent that Contractor is prejudiced, suffers loss, or incurs expense because of the delay.

(2) Defense of Claims

(a) Assumption of Defense. Contractor may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the City. Contractor shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Contractor must advise the City as to whether or not it will defend the claim. If Contractor does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

(b) Continued Participation. If Contractor elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations, as reasonably determined by SAP. Contractor may settle the claim without the consent or agreement of the City, unless it (i) would result in injunctive relief or other equitable remedies that would adversely affect the City (ii) would require the City to pay amounts that Contractor does not fund in full, (iii) would not result in the City□s full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

L. Insurance

Contractor shall maintain in effect certain insurance coverage, which is described as follows:

(1) Risks and Limits of Liability. Contractor shall maintain the following coverages and limits of liability:

(Coverage)	(Limit of Liability)
Workers' Compensation	Statutory for Worker's Compensation
Employer's Liability	Bodily Injury by accident $1,000,000 (each accident) Bodily Injury by Disease $1,000,000 (policy limit) Bodily Injury by Disease $1,000,000 (each employee)
Commercial General Liability: Broad Form Coverage;	Bodily Injury and Property Damage, Combined Limits of

Contractual Liability; Bodily and Personal Injury; and Completed Operations.	$500,000 each Occurrence and $1 million aggregate
Automobile Liability Insurance (for vehicles Contractor uses in performing under this Agreement, including Employer's Non-Owned and Hired Auto Coverage)	$500,000 combined single limit per occurrence
Professional Liability Coverage	$1 million per occurrence/aggregate
Excess Liability	$1 million aggregate

Aggregate Limits are per 12-month policy period unless otherwise indicated.

(2) Form of Policies. Contractor shall provide the City with insurance certificates that shall include the coverage specified above.

(3) Issuers of Policies. The issuer of any policy shall have a Certificate of Authority to transact insurance business in Texas or have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide, Property-Casualty United States.

(4) Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the City (and its officers, agents, and employees) as Additional Insured parties on the policy and all renewals or replacements.

(5) Deductibles. Contractor shall be responsible for and bear any claims or losses to the extent of any deductible amounts and waives any claim it may have for the same against the City, its officers, agents, or employees.

(6) Cancellation. Each policy must state that it may not be canceled, or nonrenewed

unless the Contractor gives the Director 30 calendar days' advance written notice. Contractor shall give written notice to the Director within five days of the date on which total claims by any party against Contractor reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project or location subject to this Agreement.

(7) Subrogation. Contractor's Workers' Compensation Policy shall include an endorsement waiving any claim of right of subrogation against the City, its officers, agents or employees.

(8) Endorsement of Primary Insurance. Each policy, except Workers' Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the additional insured parties with respect to claims arising under this Agreement.

(9) Liability for Premium. Contractor shall pay all insurance premiums, and the City shall not be obligated to pay any premiums.

(10) Subcontractors. Contractor shall require all subcontractors to carry insurance naming the City as an additional insured and meeting all of the above requirements except amount. The amount must be commensurate with the amount of the subcontract, but in no case less than $500,000 per occurrence. Contractor shall provide copies of insurance certificates to the Director.

(11) Proof of Insurance.

(a) Prior to execution of this Agreement, Contractor shall furnish the Director with

Certificates of Insurance

(b) Contractor shall continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Contractor does not comply with this requirement, the Director, at his or her sole discretion, may immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or

The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

(12) Other Insurance. If requested by the Director, Contractor shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Contractor's operations under this Agreement.

M. Warranties

1. Contractor's performance of the services under this Agreement shall conform to the professional standards prevailing in the applicable industry with respect to the scope, quality, due diligence, and care. Contractor shall perform all work using trained and skilled persons having experience performing the work required under this Agreement.

2. SAP WARRANTS THAT THE SERVICES IT PROVIDES HEREUNDER, FOR A PERIOD OF THIRTY (30) DAYS AFTER THE DATE THE DELIVERABLES ASSOCIATED WITH SUCH SERVICES ARE ACCEPTED BY THE CITY, WILL CONFORM SUBSTANTIALLY WITH THE REQUIREMENTS IN THE STATEMENT OF WORK.

3. FOR BREACH OF THE FOREGOING WARRANTIES, CITY'S SOLE AND EXCLUSIVE REMEDIES ARE SAP'S RE-PERFORMANCE OF THE UNSATISFACTORY SERVICES OR ACTUAL DAMAGES UP TO THE LIMIT OF LIABILITY SET OUT IN

SECTION V OF THIS ARTICLE.

4. SAP MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NOR ANY OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, IN CONNECTION WITH THIS AGREEMENT AND THE SERVICES PROVIDED HEREUNDER NOT EXPRESSLY SET OUT HEREIN.

N. Use of Work Products

(1) All rights, title and interest in any Modification shall be governed by the terms set forth in the terms listed in the EULA.

(2) Licensee agrees that any and all ideas, concepts, or other intellectual property rights related in any way to the techniques, knowledge or processes of the SAP Services and deliverables provided under this Agreement, whether or not developed for Licensee, are the exclusive property of SAP. SAP shall have the sole and exclusive right, title and ownership to such technology.

O. Acceptance

All criteria and standards for Acceptance of each Deliverable are set forth in Exhibit "A", Statement of Work.

P. Licenses and Permits

Contractor shall obtain, maintain, and pay for all licenses, permits, and certificates including all professional licenses required by any statute, ordinance, rule, or regulation. Contractor shall immediately notify the Director of any suspension, revocation, or other detrimental action against his or her license.

Q. Compliance with Equal Opportunity Ordinance

Contractor shall comply with City's Equal Employment Opportunity Ordinance as set out in Exhibit "D".

R. MWBE Compliance

Contractor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Contractor shall make good faith efforts to award subcontracts or supply agreements in at least 35% of the value of the services portion of this Agreement to MWBEs. Contractor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Affirmative Action Division and will comply with them.

Contractor shall require written subcontracts with all MWBE subcontractors and shall submit all disputes with MWBEs to binding arbitration if directed to do so by the Affirmative Action Division Director. MWBE subcontracts must contain the terms set out in Exhibit "H".

S. Drug Abuse Detection and Deterrence

(1) It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Contractor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.

(2) Before the City signs this Agreement, Contractor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):

(a) a copy of its drug-free workplace policy,

(b) the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "E," together with a written designation of all safety impact positions and,

(c) if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "G."

If Contractor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "F." Contractor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Contractor begins work under this Agreement.

(3) Contractor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Contractor's employee work force.

(4) Contractor shall require that its subcontractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection.

T. LIMITATION OF LIABILITY

ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING, UNDER NO CIRCUMSTANCES SHALL SAP OR ITS CONSULTANTS BE LIABLE TO CITY IN RELATION TO SERVICES PROVIDED UNDER THIS AGREEMENT FOR AN AMOUNT OF DAMAGES IN THE AGGREGATE IN EXCESS OF 150% OF THE TOTAL CONTRACT

AMOUNT SPECIFIED IN EXHIBIT "B" MINUS ANY FEES NOT YET PAID TO CONTRACTOR BY THE CITY AT THE TIME OF CONTRACTOR'S DEFAULT OR BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES, LOSS OF GOOD WILL OR BUSINESS PROFITS, WORK STOPPAGE, DATA LOSS, COMPUTER FAILURE OR MALFUNCTION, ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSS, OR EXEMPLARY OR PUNITIVE DAMAGES, EVEN IF SAP HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

IV. DUTIES OF CITY

A. Payment Terms

(1) Upon acceptance of the Deliverables, the City shall pay Contractor as set out in Exhibit "B, subject to appropriation of funds as set out below.

B. Taxes

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to the City must not contain assessments of any of these taxes. The Director has furnished the City's exemption certificate and federal tax identification number to Contractor. The fees listed in Exhibit B do not include federal, state or local sales, use, property, excise, services or other taxes now or hereafter levied.

C. Method of Payment

Payment for Services

The City shall pay Contractor on the basis of invoices submitted no earlier than the time of Director's Acceptance of each Deliverable by Contractor showing the specific Deliverables accepted by the Director. The City shall make payment via Contractor within 30 Calendar Days after receipt

of Contractor's invoice.

D. Method of Payment - Disputed Payments

If the City disputes any items in an invoice Contractor submits for any reasonable reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remainder of the invoice. The Director shall promptly notify Contractor of the dispute and request remedial action. If the dispute is resolved in Contractor's favor, Contractor shall include the resolved amount, to which it is entitled, if any amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

E. Limit of Appropriation

(1) The City's duty to pay money to Contractor under this Agreement is limited in its entirety by the provisions of this Section.

(2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of $15,113,464 to pay money due under this Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:

(3) The City makes a supplemental allocation by sending a notice signed by the Director and the City Controller to Contractor in substantially the following form:

"NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS"

TO: [Name of Contractor]

FROM: City of Houston, Texas (the "City")

DATE: [Date of notice]

SUBJECT: Supplemental allocation of funds for the purpose of the"[title of this Agreement]" between the City and (name of Contractor) countersigned by the City Controller on (Date of Countersignature) (the "Agreement").

I, (name of City Controller), City Controller of the City of Houston, certify that the supplemental sum of $_____, upon the request of the below-signed Director, has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

The aggregate of all sums allocated for the purpose of such Contract, including the Original Allocation, and all supplemental allocations (including this one), as of the date of this notice, is $_____.

SIGNED:

(Signature of the City Controller)
City Controller of the City

REQUESTED:

(Signature of the Director)
Director

(4) The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Contractor may from time to time inquire as to the balance of Allocated Funds remaining in this Agreement, and the Director shall report the balance to Contractor. If Allocated Funds are exhausted Contractor is not obligated to continue to perform unless it receives a notice of Supplemental Allocation. Contractor's only remedy is suspension of its performance until it receives notice of a sufficient Supplemental Allocation or termination of its performance under this Agreement altogether, and it has no other remedy in law or in equity against the City and no right to damages of any kind. If the City terminates Contractor performance due to lack of Allocated Funds,

such termination shall not constitute a Material Breach by City.

F. Access to Sites

Contractor may enter and leave the premises in which the System or any part of it is installed at all reasonable times without charge. Contractor and its employees may use the common areas and roadways of the premises where it is to perform the services together with all facilities, equipment, improvements, and services provided in connection with the premises for common use. Excluding normal wear and tear, Contractor shall repair any damage caused by it or its employees as a result of its use of the common areas. Contractor shall comply with City personnel policies attached hereto, including, but not limited to, dress codes and security policies.

G. Access to Data

The City shall, to the extent permitted by law, allow Contractor to access and make copies of documents in the possession or control of the City or available to it that are reasonably necessary for Contractor to perform under this Agreement, and as described in the Statement of Work.

The City does not, however, represent that all existing conditions are fully documented, nor is the City obligated to develop new documentation for Contractor's use.

H. City Project Manager

The Director shall identify a City Project Manager to serve as the primary contract person with Contractor for the duration of the Project.

I. Confidentiality

Both parties shall handle Proprietary Information in accordance with the terms set out in Section 6 of the SAP Software License in Exhibit "C".

J. Additional Duties of the City

The City shall perform the additional duties set out in Exhibit "A".

V. TERM AND TERMINATION

A. Agreement Term

This Agreement is effective on the Countersignature Date and remains in effect for three years after Countersignature Date unless sooner terminated under this Agreement. The term of the Software License and Maintenance Agreement is set out in Exhibit "C" and shall survive the termination of this Agreement.

B. Renewals

If the Director, at his or her sole discretion, makes a written request for renewal to Contractor at least 30 calendar days before expiration of the then-current term and if sufficient funds are allocated, then, upon expiration of the initial term, the Agreement may be renewed by a contract amendment at a price and upon terms agreed to by the parties and approved by City Council.

C. Termination for Convenience

The City may terminate this Agreement by giving 30 calendar days written notice to Contractor. On receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Contractor shall submit an invoice showing in detail the services performed and the products provided under this Agreement up to the termination date. The City shall then pay the fees to Contractor for services actually performed and products furnished, including any closeout services requested by the Director, but not already paid for, in the same manner as prescribed in Section IV.C. unless the fees exceed the allocated funds remaining under this Agreement.

Contractor shall not be obligated to provide any close-out services for which funds have not been allocated.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT AS PROVIDED IN THIS AGREEMENT ARE CONTRACTOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

D. Termination for Cause by Contractor

Contractor may terminate its performance under this Agreement only if the City defaults and fails to cure the default after receiving written notice of it. Default by the City occurs if the City fails to perform one or more of its material duties under this Agreement. If a default occurs and Contractor wishes to terminate the Agreement, then Contractor must deliver a written notice to the Director describing the default and the proposed termination date. The date must be at least 30 days after the Director receives notice. Contractor, at its sole option, may extend the proposed termination date to a later date. If the City cures the default before the proposed termination date, then the proposed termination is ineffective. If the City does not cure the default before the proposed termination date, then Contractor may terminate its performance under this Agreement on the termination date.

E. Termination for Cause by City

If Contractor defaults under this Agreement, the Director may either terminate this

Agreement after allowing Contractor to cure the default as provided below. Default by Contractor occurs if:

(1) Contractor fails to perform any of its material duties under this Agreement, including but not limited to complying with project schedules and deadlines as they may be modified pursuant to the Accountable/Contributing Party process set out in of the Statement of Work;

(2) Contractor becomes insolvent;

(3) all or a substantial part of Contractor's assets are assigned for the benefit of its creditors; or

(4) a receiver or trustee is appointed for Contractor.

If a default occurs, the Director shall deliver a written notice to Contractor describing the default and the termination date no sooner than 30 days after the date of notice. The Director, at his or her sole option, may extend the termination date to a later date. If the Contractor cures the default to the Director's satisfaction before the termination date, then the termination is ineffective. If Contractor does not cure the default before the termination date, then the Director may terminate this Agreement on the termination date, at no further obligation of the City.

To effect final termination, the Director must notify Contractor in writing. After receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement. The City shall then pay the fees to Contractor for services actually performed and products furnished in accord with this Agreement prior to termination, including the costs for any close-out services requested by the Director not already paid for, in the same manner as prescribed in Section IV.C.

Unless the fees exceed the allocated funds remaining under this Agreement. Contractor shall not be obligated to provide any close-out services for which funds have not been allocated.

VI. MISCELLANEOUS

A. Independent Contractor

Contractor shall perform its obligations under this Agreement as an independent Contractor and not as an employee of the City.

B. Force Majeure

1. Neither party is liable for delays or other failures to perform its obligations under this Agreement to the extent the delay or failure is a result of Force Majeure. Force Majeure means, fires, floods, and other acts of God, explosions, war, terrorist acts, riots, court orders, and the acts of superior governmental or military authority.

2. This relief is not applicable unless the affected party does the following:

(a) uses commercially reasonable due diligence to reduce or remove the effects of the Force Majeure as quickly as possible; and

(b) provides the other party with prompt written notice of the cause and its anticipated effect.

3. The City may perform contract functions itself or contract them out during periods of Force Majeure. Such performance is not a default or breach of this Agreement by the City.

4. If the Force Majeure continues for more than 60 days from the date performance is affected, the Director may Terminate for Convenience as stated in section C above by giving 7 days' written notice to Contractor. **EACH PARTY WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE TERMINATION**

EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT AT THE TIME OF THE TERMINATION.

5. Contractor is not relieved from performing its obligations under this Agreement due to a strike or work slowdown of SAP employees or the termination of employment of individuals assigned to provide services under the Agreement. Contractor shall employ only fully trained and qualified personnel during a strike.

C. Severability

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

D. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement. The City shall not issue any Purchase Orders under this Agreement.

E. Written Amendment

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City by the Mayor or City Council and Contractor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

F. Applicable Laws

This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any

regulatory body or officer having jurisdiction.

Venue for any litigation relating to this Agreement is Harris County, Texas.

G. Notices

All notices required or permitted by this Agreement must be in writing and are deemed delivered on the earlier of the date actually received or the third day following: (1) deposit in a United States Postal Service post office or other prominent overnight carrier receptacle; (2) with proper postage (certified mail, return receipt requested); and (3) addressed to the other party at the address set out in the preamble of this Agreement or at such other address as the receiving party designates by proper notice to the sending party.

H. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

I. Non-Waiver

If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

An approval by a Party, or by any other employee or agent of the Party, of any part of the other Party's performance does not waive compliance with this Agreement or establish a standard of performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

J. Inspections and Audits

City representatives may have the right to perform, or have performed, (1) audits of Contractor's books and records that are directly related to the invoices issued under this Agreement, and (2) inspections of all places where work is undertaken in connection with this Agreement during Contractor's normal business hours upon four business days' advance notice by the City. Contractor shall keep its books and records available for this purpose for at least four years after this Agreement terminates. In the event such an audit by the City reveals any overpayments by the City or Contractor, the Contractor shall refund the City the full amount of such overpayments within 30 days of such audit findings, or the City at its option, may deduct such amounts owing the City from any payments due under this Agreement to the Contractor.

K. Enforcement

The City Attorney or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. Contractor shall provide to the City Attorney all documents and records that the City Attorney reasonably requests to assist in determining Contractor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

L. Ambiguities

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

M. Survival

Article III Sections H, I, K, N, M(4) and T, Article IV Section I, and Article VI Section F.

N. Publicity

Contractor shall direct all inquiries from media concerning Agreement to the Director.

O. Parties In Interest

This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Contractor only.

P. Successors and Assigns

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City or the Contractor.

Q. Business Structure and Assignments

Neither Party shall assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the other Party's prior written consent, except the Parties agree that SAP may assign this Agreement to SAP America, Inc, or SAP AG. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest as described in §9.406 of the Texas Business & Commerce Code. In the case of such an assignment, Contractor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

R. Remedies Cumulative

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are exclusive but are cumulative of all rights and remedies that exist now or in the future subject to Part III, Section V, Limit of Liability, of this Agreement. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

S. Contractor Debt

IF CONTRACTOR, AT ANY TIME DURING THE TERM OF THIS AGREEMENT, INCURS A DEBT, AS THE WORD IS DEFINED IN § 15-122 OF THE HOUSTON CITY CODE OF ORDINANCES, IT SHALL IMMEDIATELY NOTIFY THE CITY CONTROLLER IN WRITING. IF THE CITY CONTROLLER BECOMES AWARE THAT CONTRACTOR HAS INCURRED A DEBT, SHE SHALL IMMEDIATELY NOTIFY CONTRACTOR IN WRITING. IF CONTRACTOR DOES NOT PAY THE DEBT WITHIN 30 DAYS OF EITHER SUCH NOTIFICATION, THE CITY CONTROLLER MAY DEDUCT FUNDS IN AN AMOUNT EQUAL TO THE DEBT FOR ANY PAYMENTS OWED TO CONTRACTOR UNDER THIS AGREEMENT, AND CONTRACTOR WAIVES ANY RECOURSE THEREFORE.

T. Performance Bond

Within ten (10) business days of the Effective Date of this Agreement, SAP shall execute a Performance Bond, in the form attached to this Agreement as Exhibit "I", with a corporate surety qualified to conduct business in the State of Texas, acceptable to the City.

EXHIBIT "A"

STATEMENT OF WORK

Exhibit "A"

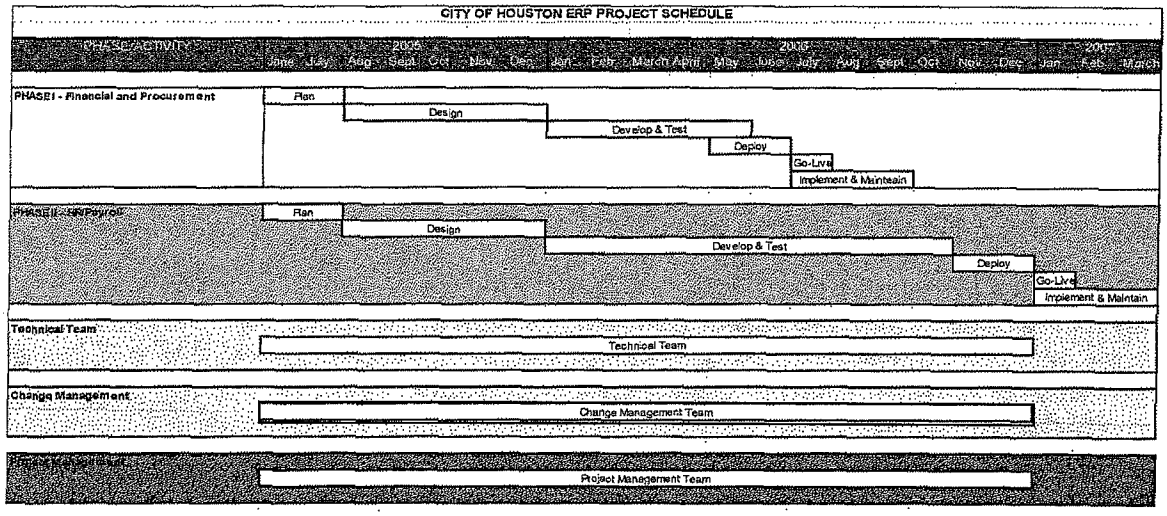
Statement of Work effective _____, 2005 ("SOW" or "Statement of Work")

The Design and Implementation of an SAP ERP System

Between
City of Houston ("COH")
and
SAP Public Services, Inc. ("SAP" or "the vendor")

Scope of Services

The following graphic depicts the timeline to be followed for implementation of the SAP Software to meet the COH functional needs priced for this SOW (See Attachment I). COH will begin project team training on or around April 1, 2005 and begin formal project implementation preparation on or around June 1, 2005, with the intent of going live with ERP Financials and Procurement on July 1, 2006 (start of Fiscal Year 2007), and going live with HR/Payroll on January 2, 2007 (after calendar year-end).



COH will implement the SAP software in two phases:

- Phase I – Financials and Procurement
- Phase II – HR/Payroll

Both of the major phases will use SAP's methodology, Accelerated SAP, to plan and manage the work effort. Each phase will be broken into five stages:

1. Plan (SAP's Project Preparation),
2. Design (SAP's Business Blueprint),
3. Develop and Test (SAP's Realization),
4. Deploy (SAP's Final Preparation) and
5. Implement & Maintain (SAP's Go-Live and Support).

A Glossary of Terms is provided at the end of this document for some of the terminology used that may be unclear or confusing.

Items in Scope:
This implementation will use the following modules/components of the mySAP ERP 2004 Software:

- Financials:
  - General Ledger,
  - Accounts Payable,
  - Controlling,
  - Treasury,
  - Funds Management (including budget control),
  - Grants Management,
  - Asset Management,
  - Project Systems (project accounting requirements)

- Material Management:
  - Purchasing,
  - Material Receipts (Receiving),
  - Inventory Management,
  - Warehouse Management

- Human Resources:
  - Compensation Management,
  - Organization Management (includes position management),
  - Benefits,
  - Personnel Administration,
  - Time Entry,
  - Payroll,
  - Employee Self-Service

SAP will assume primary responsibility for the baseline configuration of the application for all functionality in the revised Functional and Technical Requirements (the "Requirements Matrices") attached to this Statement of Work (Attachment I). The City understands that Attachment I is incorporated into this contract with the understanding and agreement of the parties that SAP formulated its responses in those sections based upon: a) SAP's information as of the date they were written; b) SAP's software as it existed as of that date; and c) the information provided by the City and by SAP in refining the Requirements Matrices with SAP. COH will assume primary responsibility for final configuration of the application. Upon acceptance of the Business Blueprint, the final Business Blueprint will replace the information contained in Attachment I with respect to defining the scope of this SOW.

Items Not in Scope:

Any ERP modules that are not required to meet the functionality noted above in section "Items in Scope." Some functionalities or services (e.g. workflow, conversion, reports, and forms) will be limited by the Assumptions discussed later in this document. The following areas were confirmed to be out of scope per discussions held between SAP and COH:

- Financials:
  - Accounts Receivable (Cash Receipting will be handled through standard Journal Voucher functionality)
  - Budget Development (all requirements)
  - Real Estate functionality
- Material Management:
  - SRM (eProcurement)
- Human Resources:
  - Employee Training Scheduling & Tracking
  - Travel Reimbursement
  - eRecruitment functionality (although core applicant tracking is in scope)
  - Position Budget Control (PBC) – encumbrance of salaried funds

- Manager Self-Service (MSS) – a set of tools and information to assist managers with tasks, such as monitoring budgets, recruitment, compensation, and cost management

Special Services – Potential Future Scope:

During the Statement of Work (SOW) definition process, the functional items below were identified as not in scope for the initial implementation. However, COH requested high-level pricing for planning purposes in the event that COH decides to implement these capabilities in later phases of the project. Should COH elect to proceed with any of these areas, SAP and COH will work together to establish refined scope and pricing. The following provides descriptions and cost estimates for each:

Supplier Relationship Management (SRM) - mySAP Supplier Relationship Management (mySAP SRM) is built on the technology platform of SAP Netweaver, allowing multiple levels of suppliers, partners, and manufacturers to work together on core supply processes, including:

Operational Procurement

- Self-service procurement -- procure materials using Web-based tools that enforce compliance with policies
- Plan-driven procurement -- Streamline and automate the procurement of the materials used in core business processes by integrating purchasing with any supply chain management system
- Services procurement -- Reduce the administration and processing costs associated with procuring a wide range of services, including consulting and contract labor.

Supplier Collaboration

- Supplier registration -- Give purchasers access to supplier-managed company information for better sourcing decisions.
- Collaborative replenishment -- Optimize supply-chain performance by enabling suppliers to access customer inventory data and maintain required inventory levels on an exception-based replenishment process.
- Supplier connectivity -- Connect with suppliers of different sizes and capabilities using XML-based document exchange.

High Level Estimate: $900k in implementation services with an assumed 12 month schedule. COH is licensed for the mySAP SRM Software under Appendix 1 to Exhibit "C", subject to the license grant set forth therein. Any additional software that the City may elect to license in connection with these services shall be priced at SAP's then-current pricing in effect, inclusive of any discounts then-currently available to the City under Appendix 1 to Exhibit "C".

Business Warehouse (BW) and Business Intelligence –

Data warehousing provides the ability to build data warehouses, model an information according to business structure, and manage data from multiple sources. Functions include:

- Data warehouse management -- create and control data warehouses and align technology infrastructure with business requirements; control, monitor, and maintain all processes connected with data staging and processing in SAP Business Information Warehouse (SAP BW), a core part of SAP Business Intelligence. SAP BW supports the processing of large volumes of data within the data warehouse.
- Extraction, transformation, and loading -- extract, integrate, and transform data from multiple sources, including enterprise resource planning (ERP) systems, customer relationship management (CRM) systems, online exchanges, click-stream data sources, XML data sources, and relational databases. Data-cleansing functions and the application of business rules ensure data quality.

- Business modeling -- model an information to match the business structure in either an enterprise-wide data warehouse or a distributed environment; provides information for analysis quickly, in the right context, and at the appropriate level of detail.
- SAP Business Intelligence provides the capability to utilize information regardless of whether it resides in SAP, non-SAP, or legacy applications.

High Level Estimate: $600k in implementation services with an assumed 6 month schedule. COH is licensed for the Business Intelligence Software under Exhibit "C", subject to the license grant set forth therein.

Project Cost Estimation:

The total cost for the Special Services Provision, including contingencies is $2,000,000. The foregoing estimates are for the City's planning and budgetary purposes only and shall not be considered offers or firm price commitments by SAP.

Project Approach

Contractor's Scope of Work under this SOW shall consist of two Phases, each with five Work Stages each, and other key functions as described in the "Project Approach" section of this SOW. An overview of each phase and their respective stages (which includes associated tasks, deliverables, and respective COH & SAP responsibilities) is shown within this section.

The milestones and deliverables for the Stages within each phase are detailed in the Project Deliverables sections for each respective Stage. These deliverables are part of the standard ASAP methodology and will help ensure all objectives of the initial planning and requirements gathering activities are accomplished. The responsibility for each of these deliverables is shown in the Responsibility Matrix chart following the brief explanation of each deliverable. The term "Accountable" indicates the party ultimately accountable for the deliverable, while "Contributing" indicates the party that is subordinate to the "Accountable" party but has significant involvement on its completion and who could, by substantially failing to fulfill their responsibilities, jeopardize the project. Involvement may be in resource time and/or knowledge and information. Each deliverable will have a "sign-off" form that will be used to confirm acceptance by both COH and SAP.

The Accountable Party is ultimately responsible for the timely completion of a task or Deliverable assigned to it. If the Accountable Party is prevented from the timely completion of a task or Deliverable because of the Contributing Party's failure to perform a task or take an action for which the Contributing Party is responsible, the Accountable Party shall give prompt written notice to the Contributing Party for such deficiency. Upon receipt of such notice, the Contributing Party must either remedy the deficiency within a reasonable time or resolve the alleged deficiency through the Issue Resolution Process set out in this Statement of Work. The Accountable Party's time to complete the task or Deliverable shall be extended by a period corresponding to the time it takes the Contributing Party to remedy the deficiency or the Parties to resolve the issue through the Issue Resolution Process. In the event any such delay by the Contributing Party impacts the schedule for future tasks or Deliverables, the parties shall mutually agree on a revised schedule for such tasks and Deliverables in accord with the Request for Change process set forth in this Statement of Work. The parties agree that once a Deliverable has been accepted by the City, neither party shall bring action against the other party for any delays in the completion of such Deliverable or the tasks associated with such Deliverable. The Accountable Party shall not be excused for failure to timely complete a task or Deliverable due to the Contributing Party's failure to perform a task or take an action if the Accounting Party has not given the Contributing Party written notice of the Contributing Party's deficiency.

Because Phase I: Financials and Procurement* and *Phase II: HR/Payroll* will occur concurrently through *Stage 1: Plan (Project Preparation), this SOW describes Stage *1: Project Preparation* only once. All other work effort and associated responsibility assignments are described within each respective phase.

Phase I: Financials and Procurement and Phase II: HR/Payroll Concurrently

Stage 1: Plan (Project Preparation)

The purpose of Stage 1 is to perform initial planning and preparation for the COH ERP project with respect to the overall implementation effort. Activities during this stage will include:

- Confirming the project goals and objectives for the City's ERP Project
- Clarifying the scope of the implementation
- Reviewing/confirming the implementation strategy, and defining the overall project schedule and implementation sequence
- Assisting the COH Project Management team in establishing the project organization and governance structure
- Assigning resources based on the needs of the project
- Installation of SAP Solution Manager to assist in Project Management

Stage 1 Project Deliverables:

1.1 Project Charter
- Points to be addressed in the Project Charter include:
  - Name/slogan of project
  - Project Goals and Objectives
  - City of Houston entities involved
  - Time frame
  - Team composition/organization
  - Team job descriptions

1.2 Project Team Organization Chart
- Pictorial representation of team organization including members of both the COH and SAP component teams

1.3 Project Workplan
- Project plan that will provide detailed listing of tasks for each stage, estimated work effort for each task, allocation of workdays to responsible team(s), and approximate schedule

1.4 Communication Plan
- Plan by the COH for communicating progress and happenings of the COH ERP project including newsletters, events, etc.

1.5 Overall Change Management Plan
- Case for Action (Why the Change is happening)
- Organization & Stakeholder Assessment
- Review of current plans & activities
- Change Management approach (Technical, Business, Human environment)
- High-level Change Strategy to guide activities

1.6 Project Standards and Procedures
- Rules, forms, templates, issue capturing, etc. relating to the project that allows for a common understanding

1.7 Preliminary Enterprise Scope Document
- Initial areas of SAP Software(modules/sub-modules) that will be implemented to replace functionality of existing system for the COH ERP project

1.8 Landscape Architecture Design

1.8.1 Landscape Architecture Design
- SAP is responsible for providing the City with a Landscape Architecture Design document based on COH functional and technical requirements, SAP's current leading practices, and experience with successful installations of similar size and scope, and consideration for COH current technical strategic direction. The design will describe how the SAP system will operate and the migration path of data (e.g. Sandbox, Development, Test, Training, and Production). COH is responsible for providing input and accurate data as requested by SAP.

1.8.2 Landscape Architecture Design Review

- COH will conduct a joint review of the Landscape Architecture Design with SAP, and per the standard project deliverable process, both parties must sign off on the design document.

1.9 Technical Architecture Design

1.9.1 Technical Architecture Design – Baseline

- SAP is responsible for providing the City with a baseline Technical Architecture Design based on COH functional and technical requirements, SAP's current leading practices, and experience with successful installations of similar size and scope, and consideration for COH current technical strategic direction. COH is responsible for providing input and accurate data as requested by SAP. The baseline design will include a flexible, scalable, and platform independent plan. Any changes to the Technical Architecture Design must be jointly agreed to by COH and SAP.

1.9.2 Technical Architecture Design – Review

- COH will conduct a joint review of the Technical Architecture Design with SAP. Both parties must sign off on the Technical Architecture Design document.

1.9.3 Technical Architecture Design – Infrastructure Vendor Selection

- COH will utilize the Landscape and Technical Architecture Design documents as a basis for selecting the infrastructure vendor(s). SAP will actively assist in this effort by providing guidance, advice and sharing lessons learned from past installations relevant to the vendors and products under consideration.

1.9.4 Hardware Sizing Recommendation

The Infrastructure vendor(s) will work in conjunction with COH and SAP to produce the sizing document, which outlines the recommended hardware configuration and sizing for throughput, response time, and storage based on expected volume of users and transactions, using information provided by COH and SAP's Technical Architecture Design Document. After approval of the recommendation by COH & SAP, this recommendation will be incorporated in the final Technical Architecture Design. COH is responsible for insuring the Infrastructure vendor(s) provides this recommendation in accordance with the Project timeline.

1.9.5 Technical Architecture Design – Final Design

- This document is the final design of the technical architecture and is platform specific. This document is developed using the Landscape Architecture Design, baseline Technical Architecture Design, and the Hardware Sizing Recommendation. COH will conduct a joint review of the final design with SAP and the selected Hardware Vendor. COH will take the lead on the review session, but all parties (COH, SAP, and the Hardware Vendor) must sign off on the Final Design document.

1.10 Issue Resolution Plan - Documentation of the plan to identify, document, and resolve any project issues that are identified throughout the project.

1.11 Knowledge Transfer Plan - How the consultants will transfer expertise to the City project team members and COH team members will transfer knowledge to extended team members.

1.12 Training Plan

- The overall plan for project team and end user training that will be used as the foundation for knowledge transfer. The projected training plan for project team members and end users will be completed during the Analysis, Design and Prototype effort.

1.13 User Readiness Assessment Matrix/Plan

- A matrix put together by the Change Management team that will identify end users, assess their readiness for the impending change and document the plan for education and training to bring them to the proper level of readiness for a productive SAP system

1.14 Organizational Impact Analysis Plan

1.15 Sandbox Environment Established

- COH will establish the Sandbox environment. COH will require significant assistance from SAP with platform selection, setup, and configuration.

Stage 1 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
1.1 Project Charter	C	A
1.2 Project Team Organization Chart	C	A
1.3 Project Work plan	A	C
1.4 Communication Plan	A	C
1.5 Overall Change Management Plan	A	C
1.6 Project Standards and Procedures	A	C
1.7 Preliminary Enterprise Scope Document	A	C
1.8.1 Landscape Architecture Design	A	C
1.8.2 Landscape Architecture Design – Review	C	A
1.9.1 Technical Architecture Design-Baseline	A	C
1.9.2 Technical Architecture Design - Review	C	A
1.9.3 Technical Architecture Design – Infrastructure Vendor Selection	C	A
1.9.4 Hardware Sizing Recommendation	C	A
1.9.5 Technical Architecture Design – Final Design	A	C
1.10 Issue Resolution Plan	A	C
1.11 Knowledge Transfer Plan	A	C
1.12 Training Plan	A	C
1.13 User Readiness Assessment Matrix/Plan	A	C
1.14 Organizational Impact Analysis Plan	A	C
1.15 Sandbox Environment Established	C	A

Notes for Responsibility Matrix:

1.2 Project Team Organization Chart. COH is responsible for establishing the overall team structure with consultation from SAP. Each party is responsible for staffing their key positions.

1.3 Project Work plan. SAP will draft the project work plan which will include project tasks, estimated time budgets for each task. SAP and COH will work together to establish a final project plan including a mutually agreeable division of labor.

1.6 Project Standards and Procedures. SAP will bring recommended templates for project standards/procedures. COH will tailor as appropriate for COH.

1.7 Preliminary Enterprise Scope Document. SAP will draft the preliminary scope document. COH will work with SAP to finalize and approve.

1.8 Landscape Architecture Design –SAP will develop a recommended Landscape Architecture. COH will provide additional input and approve for COH. Any changes to the Landscape Architecture Design during the project must be jointly agreed to by COH and SAP.

1.9.1-3 Technical Architecture Design –Baseline - SAP will prepare a recommended baseline Technical Architecture which will be reviewed by COH and SAP jointly. Any changes to the Technical Architecture Design during the project must be jointly agreed to by COH and SAP. Based on this recommendation, COH will select an Infrastructure Partner(s).

1.9.4 Hardware Sizing Recommendation – SAP will work with COH's infrastructure partner(s) to utilize the Quick-Sizing tool to determine the resource requirements of the SAP System such as network bandwidth, physical memory, CPU power and I/O capacity. Because both business and technological aspects influence the size of the hardware and database, the number of users using the various application components and the data load they put on the network must be taken into account. SAP's hardware partners, working at an SAP competency center will perform the final sizing and configuration of the hardware systems. SAP will collaborate with the hardware partners to develop a joint sizing tool, which will collect all hardware-neutral input parameters and thus simplify the sizing process. COH's Infrastructure vendor(s) is responsible for providing a Hardware Sizing Recommendation to COH, based on functional and technical requirements provided by COH regarding expected volumes.

1.9.5 Technical Architecture Design – Final Design - SAP will be accountable for approving the final design based on COH functional and technical requirements, their expert knowledge of the system, and the recommendation of the Infrastructure Partner(s).

1.10 Issue Resolution Plan. SAP is responsible for drafting Issue Resolution Plan with input and approval from COH.

1.11-1.14 SAP holds the ultimate accountability for these Change and Training deliverables. However the COH Executive Sponsorship will play a critical role in ensuring adequate focus and priority are placed on adequately addressing the areas of the Plans.

Phase I: Financials and Procurement

Stage 2: Design (Business Blueprint)

The purpose of Stage 2 is to produce the Business Blueprint, which identifies the details of the new business processes that will be developed, tested, and implemented at COH. During this stage the Functional Requirements Matrix (Attachment I) will be used as a reference to help develop the Business Blueprint in a series of workshops attended by COH subject matter experts. These workshops will include addressing the needs of disabled City employees who will use the system, primarily those with vision and dexterity impairments. The City will involve the Houston Commission of Disabilities as well as the Mayor's Office for People with Disabilities and the City-wide ADA Coordinator in this process to ensure both the current level of access and opportunities to improve access at a reasonable expense are considered fully. Once the Business Blueprint has been completed and accepted by COH, it will define the business processes and the detailed scope of the implementation.

The Business Blueprint will document COH's key business requirements, and will provide the basis for COH's understanding of how its business will be conducted using the new ERP System. An integrated Business Blueprint will be developed that will include both Financials/Purchasing and HR/Payroll functionality. Major activities that are performed in this stage include:

- Define the scope of configuration
- Revise and finalize the overall project schedule and implementation sequence
- Develop a list and prepare high-level development specifications for custom reports, interfaces, conversions and enhancements
- Conduct business process workshops
- Install the development system

During the first two months of the Design Stage, additional COH, departmental business experts will be heavily engaged as needed for each of the key business areas. It is expected that the project will require approximately 13,000 work hours over a two-month period that will need to be provided collectively by COH departments. This work hour estimate assumes an average of five (5) departmental representatives for each of the sixteen (16) key areas across Financial/Procurement and HR/Payroll participating part-time (50%) for two (2) months. Failure on the part of COH to meet these commitments could place the project at risk. The schedule and required attendees will be known at the end of Stage 1.

Stage 2 Deliverables:

2.1 SAP Software and Technical Environments Established
- 2.1.1 Development Environment Established – COH, SAP, and the Infrastructure Vendor(s) will collaborate in this effort. COH will build the infrastructure with significant assistance from the selected Infrastructure Vendor(s). SAP will provide guidance, advice and lessons learned from past installations relevant to the vendors and products under consideration.
- 2.1.2 Environment Inspection and Approval - SAP will inspect the system to validate it was developed according to the final Technical Architecture Plan. Per the project deliverable approval process, all parties must sign off that the final design has been implemented per specifications in the final design document.
- 2.1.3 MySAP Business Suite Installed

2.2 System Administration Procedures
- Backup & Recovery Strategy
- System Administration Procedures
- Software Client Copy Procedures (e.g. Sandbox to Development Environments)
- Database Administration Procedures

2.3 SAP Organization Structure Design
- Organizational structure within SAP (coding block) to facilitate configuration environment for the City

2.4 Financial/Procurement Deliverables:

2.4.1 Business Blueprint – The purpose of this task is to create a document that describes the design of the proposed solution and implications for the COH's administrative business functions. This document will communicate the new business solution and expected changes to the organization. The deliverable will include:

- The proposed integrated business processes
- High-level introductory descriptions for each process
- Supporting visual process flow or hierarchical diagrams
- Attachments such as KPI documentation, fit/gap analyses, justifications for conversions, enhancements and interfaces, completed technical questionnaire, etc.
- An assessment of known impacts for disabled employees and plans to accommodate those needs as part of the configured solution.

With the information conveyed by this document, the organization should be able to approve the proposed solution. The Business Blueprint Report becomes the master deliverable/document, which serves as a basis for the entire project.

2.4.2 Baseline Scope - The business transactions and processes that are included in the initial plan for implementation are captured in this document

2.4.3 Business Process Procedure Master List - The translation of all requirements to an MS Excel file which will serve as the cornerstone of what will be configured and transacted in SAP

2.4.4 Interface Approach Plan - document which summarizes the requirements for interfaces for COH's ERP system within the Financial and Procurement business areas

2.4.5 Financial and Procurement Conversion Plan - summarizes COH's planned approach for converting Financial and Procurement information

2.4.6 Inventory of Enhancements to be developed

2.4.7 Inventory of Reports to be tailored/developed

2.4.8 Inventory of Forms to be developed

2.4.9 Inventory of Workflows

2.5 Change Management – Training Deliverables

2.5.1 RWD Info Pak Training

2.5.2 Training Analysis, Design and Prototype

2.6 Organization Change Management Deliverables

2.6.1 Leadership Alignment workshops (half-day workshops, as required)

- Business case & Governance
- Leading Change & COH's Organizational Readiness

2.6.2 Stakeholder Management

- Confirm Stakeholders/Stakeholder Groups
- Assess the business process impact on each Stakeholder group
- Design Stakeholder Engagement/Influence Plans

2.6.3 Business Readiness

- Identify Business Readiness Teams
- Design Business Readiness Planning Process

Stage 2 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
2.1 SAP Software and Technical Environments Established		
2.1.1 Development Environment Established	C	A
2.1.2 Environment Inspection and Approval	A	C
2.1.3 MySAP Business Suite Installed	A	C
2.2 System Administration Procedures	C	A
2.3 Organization Structure Design	C	A
2.4 Financial and Procurement Deliverables		
2.4.1 Business Blueprint	A	C
2.4.2 Baseline Scope	A	C
2.4.3 Business Process Procedure Master List	A	C
2.4.4 Interface Approach Plan	A	C
2.4.5 Financial/Procurement Conversion Plan	A	C
2.4.6 Inventory of Enhancements	A	C
2.4.7 Inventory of Reports	A	C
2.4.8 Inventory of Forms	A	C
2.4.9 Inventory of Workflows	A	C
2.5 Change Management – Training Deliverables		
2.5.1 RWD Info Pak Training	A	C
2.5.2 Training Analysis, Design and Prototype	A	C
2.6 Organization Change Management deliverables		
2.6.1 Leadership Alignment workshops	A	C
2.6.2 Stakeholder Management deliverables	A	C
2.6.3 Business Readiness deliverables	A	C

Notes for Responsibility Matrix:

2.1 SAP Installed. COH is responsible for the prerequisite technical environment being established and ready for the installation. SAP will provide guidance on the prerequisite technical environment and will assist COH with platform selection, setup, and configuration of the Development environment. SAP and COH personnel will jointly install product. SAP will inspect and approve the environment prior to installing the SAP Software.
2.2 System Administration Procedures. SAP will provide recommended approach for system administration procedures. COH will be responsible for incorporating these procedures into their own standard procedures.
2.3 Organization Structure Design. SAP will assist COH in definition of required organization structures. COH will be responsible for finalizing and approving.
2.4.1 Financials/Procurement Business Blueprint. SAP will take the lead in drafting and assembling the Business Blueprint deliverable. COH will be responsible for providing functional input/guidance and all assistance needed in completing the blueprint. COH has final responsibility for Blueprint review and signoff. COH is responsible to making sure appropriate business personnel are available and participate during Business Process workshops.
2.4.2 – 2.4.9 are generated in the process of creating the Business Blueprint. Please see 2.4.1 for team responsibilities.

Phase I: Financials and Procurement

Stage 3: Develop and Test (Realization)

The purpose of Stage 3 is to implement the business and system requirements that were defined in the Business Blueprint. The ultimate objective of this stage is to develop a system that is capable of executing the business processes that are identified in the Business Blueprint.

The system is configured in two work packages, Baseline (major scope) and Final (remaining scope) configuration. Baseline configuration of the SAP Software is primarily SAP's responsibility, but will require COH's participation and cooperation. Final system configuration is primarily the responsibility of COH but will require assistance and guidance from SAP Consulting. Extensive system testing occurs during unit and integration testing. During Integration testing, COH, with assistance from SAP, will generate and test COH's new (i.e. "to be") business processes. Scenarios will be generated so that they test the business processes that were identified in the Business Blueprint.

During this stage COH and SAP will develop and execute a stress and volume test, as well as re-confirm the Technical Architecture Design. Working in close partnership with COH, SAP will configure and implement SAP role-based security and authorizations strategy for the end users. SAP will assist COH in mapping the legacy data to SAP, and will begin to test the various interfaces to COH's legacy systems. The COH Project Team will also receive a significant amount of system knowledge during this stage. The Business Blueprint will provide the detailed scope for these efforts.

Stage 3 Deliverables:

3.1 Designed and Developed software
- Interfaces
- Reports
- Conversion Programs (as well as manual conversion procedures as appropriate)
- Enhancements
- Workflows

3.2 Tested software
- Interfaces
- Reports
- Conversion Programs (as well as manual conversion procedures as appropriate)
- Enhancements
- Workflows

3.3 Unit Tested Transactions
3.4 Baseline Configuration and Confirmation
3.5 Completed Integration Test Plan
3.6 Integration Testing Complete (Completed Cycles)
3.7 Final Configuration and Confirmation
3.8 Production and Training Environments established
3.9 Change Management - Training Deliverables
- 3.9.1 Development of Training and Performance Support Materials and Development Coaching

3.10 Organization Change Management Deliverables
- 3.10.1 Communication Plan and Coaching
  - Communication Planning, Preparation and Deployment
  - Communication Plan Materials
  - Communications Coaching (as needed)
- 3.10.2 Stakeholder Management
  - Stakeholder interventions/action plans
- 3.10.3 Business Readiness
  - Business readiness teams briefed (conducted kick-off)
  - Team facilitation (as needed)
- 3.10.4 Organizational Alignment

- Issues of organizational alignment (raised by business readiness teams)
- Developed solution (re-alignment impacts to roles and support processes) to respond to changed processes

Stage 3 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
3.1 Designed and Developed software		
Interfaces	C	A
Reports	A	C
Conversion programs and/or procedures	C	A
Enhancements	A	C
Workflows	A	C
3.2 Tested software		
Interfaces	C	A
Reports	A	C
Conversion programs and/or procedures	C	A
Enhancements	A	C
Workflows	A	C
3.3 Unit Tested Transactions	A	C
3.4 Baseline Configuration and Confirmation	A	C
3.5 Completed Integration Test Plan	A	C
3.6 Integration Testing Complete	C	A
3.7 Final Configuration and Confirmation	C	A
3.8 Production and Training Environments established	C	A
3.9 Change Management – Training Deliverables		
3.9.1 Development of Training Materials	A	C
3.10 Organization Change Management Deliverables		
3.10.1 Communication Plan	A	C
3.10.2 Stakeholder Action Plans	A	C
3.10.3 Business Readiness Deliverables	A	C
3.10.4 Organization Alignment Deliverables	C	A

Notes for Responsibility Matrix:

3.1 Designed and Developed software - Reports/Enhancements. SAP will develop 10 reports during the implementation effort. COH will be responsible for providing functional design input and signoff for these reports. Additionally, COH should allocate technical resources to learn SAP programming techniques (ABAP 4 Programming for future reporting needs). SAP and COH will each have primary responsibility for their respective work units (e.g. reports, enhancements, etc). Each party is responsible for making sure their work units are built and unit tested according to the project schedule. Not meeting development sign-off timeframes could adversely affect the project schedule.

3.2 Tested software – Reports/Enhancements. COH is responsible for testing and signing off developed software. SAP is responsible for correcting any issues identified during testing (for their components) that did not comply with the COH signed off design specifications.

3.3 Unit Tested Transactions. SAP is responsible for assisting in the unit test of transactions and issue resolution. COH is responsible for final test and signoff of transactions.

3.8 Production and Training Environments established. SAP and COH personnel will jointly establish environments. COH will lead this effort with significant assistance from SAP. COH will ensure prerequisite technical environments are established and ready for the installation. COH is responsible for the prerequisite technical environment being established and ready for the installation. SAP will provide guidance on the prerequisite technical environment and will assist COH with setup, and configuration of the environment. COH and SAP personnel will jointly install product. SAP will inspect and approve the environment prior to installing the SAP Software.

3.10.4 Organization Alignment Deliverables. COH will lead the development of business process realignment since COH will best understand how to navigate business process impacts for the organization.

Phase I: Financials and Procurement

Stage 4: Deploy (Final Preparation)

The purpose of Stage 4 is to finalize the preparation of the applicable modules of the SAP ERP System before the cutover date, including performing testing, end user training, system management and cutover activities. The Cutover Date is defined as the first day that COH begins to use the new systems as its primary means for conducting COH business. The objective of this stage is to perform final system testing, complete all training and deployment activities, and to execute a cutover plan.

Stage 4 Deliverables:

- 4.1 Completed Production System Test (includes stress and volume test)
- 4.2 Completed Cutover Testing (begin Go-Live)
- 4.3 Production Cutover Plan for City of Houston Drafted (Go-Live Plan)
- 4.4 Post Production Support Plan – will focus on the first 3 months of initial production stability and will be refined for subsequent months.
- 4.5 Go-Live Checklist
- 4.6 Finalized Contingency Plan
- 4.7 System Acceptance (Go-Live Decision)
- 4.8 Help Desk Established
- 4.9 Change Management – Training Deliverables
  - 4.9.1 End-User Training Materials
  - 4.9.2 Completed End-User Training
  - 4.9.3 Train-the-Trainer Workshops
- 4.10 Organization Change Management Deliverables
  - 4.10.1 Communication Plan Deployed
  - 4.10.2 Executed Stakeholder Action Plans
  - 4.10.3 Facilitate presentation of organization design issues to leadership

Stage 4 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
4.1 Completed Production System Test	C	A
4.2 Completed Cutover Testing (begin go-live)	C	A
4.3 Production Cutover Plan for City of Houston Drafted	A	C
4.4 Post Production Support Plan Successfully Implemented	C	A
4.5 Go-Live Checklist	C	A
4.6 Finalized Contingency Plan	C	A
4.7 System Acceptance (Go-Live Checklist and Go-Live Decision)	C	A
4.8 Help Desk Established	C	A
4.9 Change Management – Training Deliverables		
4.9.1 End-User Training Materials	A	C
4.9.2 Completed End-User Training	A	C
4.9.3 Train-the-Trainer Workshops	A	C
4.10 Organization Change Management Deliverables		
4.10.1 Deployed Communication Plan	A	C
4.10.2 Executed Stakeholder Action Plans	C	A
4.10.3 Leadership recommendations	A	C

Notes for Responsibility Matrix:

4.1 Completed Production System Test. SAP will develop the system test plan and help facilitate the testing effort. COH will be responsible for making sure the appropriate COH personnel are involved and participating in the system test effort.
4.4 Post Production Support Plan. SAP will offer recommendations on how to prepare for supporting the production applications. COH will tailor as appropriate and finalize/approve.
4.6 Finalized Contingency Plan. SAP and COH will work together to develop a contingency plan for both production moves. SAP will provide recommendations and input while COH will finalize and approve.
4.10 Organization Change Management Deliverables. SAP will take the lead for these deliverables. COH will be responsible for deployment activities within the COH organization.

Phase I: Financials and Procurement

Stage 5: Implement & Maintain (Go-Live & Post-Production Support)

During the process of going live with the new system, there are two critical periods. In the first few days, the Post Production Support Plan must be executed and results checked. Any issues or problems that occur in this period must be resolved as quickly as possible. Following the first few days of live operation, monitoring issues for the long term must be addressed, particularly with reference to system performance, capacity and functions.

Additionally, COH will be moving from a pre-production environment to a live production operation, so the Production Support Organization must be fully defined and established by COH. During this stage COH must set up a support organization for all ERP System end users that is capable of supporting the first critical days of production operations as well as providing long-term support. COH will be responsible for monitoring system transactions and providing feedback to the Project Team in order to optimize overall ERP System performance.

Part of the Production Support Organization is the Help Desk. The purpose of the help desk is to field end-user questions and assist them when they encounter problems with the SAP ERP System. It will also escalate problems that cannot be resolved by help desk staff to the project team.

Stage 5 Deliverables:

5.1 Production System
5.2 Production Support Organization Defined – this will define the support organization for the first twelve (12) months. The City will refine this organization once in production. The intent is to help establish an organization that will support the applications for the COH.
5.3 Post Production Support
  5.3.1 Fully-functional Help Desk Operational
5.4 Accepted Production System – During the first thirty (30) days of production, SAP will work with COH to confirm that the system is performing as prescribed during the Develop and Test (Realization Stage). Acceptance criterion will consist of a checklist that COH will use to confirm that each business area is working properly. For example, in the Accounts Payable business area, the checklist will include items such as confirming accurate invoice processing, 2 and/or 3-way matching, automatic updates to general ledger with expenditure information and vendor payment processing, etc. Attachment II, "System Acceptance Checklist", contains the detailed acceptance criterion. This criterion may be refined during Stage 4, Deploy (Final Preparation).

Stage 5 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
5.1 Production System Live	A	A
5.2 Production Support Organization defined	C	A
5.3 Post Production Support	C	A
5.3.1 Fully-functional Help Desk Operational	C	A
5.4 Accepted Production System	A	C

Notes for Responsibility Matrix:

5.1 Production System Live. Both parties have key accountabilities in order to achieve a live production state: COH will have lead supporting the system once in production but SAP will remain initially in a support role (2000 hours).
5.4.1 Fully-functional Help Desk Operational. The existence of a fully-operational COH help desk functionality to support the new system is critical to Post-production support success. This requires that the City provide the proper staffing and training to help desk personnel to meet the demands of users.
5.4 Accepted Production System. SAP will have primary responsibility for facilitating system acceptance. COH will dedicate the appropriate resources to review the System Acceptance Checklist to confirm the application is working as confirmed during the Realization Stage.

Phase II: HR/Payroll

Stage 2: Design (Business Blueprint)

The purpose of Stage 2 is to produce the Business Blueprint, which identifies the details of the new business processes that will be developed, tested, and implemented at COH. During this stage the Functional Requirements Matrix (Attachment I) will be used as a reference to help develop the Business Blueprint during a series of workshops attended by various COH subject matter experts. These workshops will include addressing the needs of disabled City employees who will use the system, primarily those with vision and dexterity impairments. The City will involve the Houston Commission of Disabilities as well as the Mayor's Office for People with Disabilities and City-wide ADA Coordinator in this process to ensure both the current level of access and opportunities to improve access at a reasonable expense are considered fully. Once the Blueprint has been completed and accepted by COH, the Business Blueprint will define the business processes and the detailed scope of the implementation.

The Business Blueprint will document COH's key business requirements, and will provide the basis for COH's understanding of how its business will be conducted using the new ERP System. An integrated Business Blueprint that will include both Financials/Purchasing and HR/Payroll functionality. Major activities that are performed in this stage include:

- Finalize the original project goals and objectives
- Define the scope of configuration
- Revise and finalize the overall project schedule and implementation sequence
- Develop a list and prepare high level development specifications for custom reports, interfaces, conversions and enhancements
- Install the development system

During the first two months of the Design Stage, additional COH, departmental business experts will be heavily engaged as needed for each of the key business areas. It is expected that the project will require approximately 13,000 work hours over a two-month period that will need to be provided collectively by COH departments. This work hour estimate assumes an average of five (5) departmental representatives for each of the sixteen (16) key areas across Financial/Procurement and HR/Payroll participating part-time (50%) for two (2) months. Failure on the part of COH to meet these commitments could place the project at risk. The schedule and required attendees will be known at the end of Stage 1.

Stage 2 Deliverables:

2.1 SAP Software and Technical Environments Established

- 2.1.1 Development Environment Established – COH, SAP, and the Infrastructure Vendor(s) will collaborate in this effort. COH will build the infrastructure with significant assistance from the selected Infrastructure Vendor(s). SAP will provide guidance, advice and lessons learned from past installations relevant to the vendors and products under consideration.
- 2.1.2 Environment Inspection and Approval - SAP will inspect the system to validate it was developed according to the final Technical Architecture Plan. Per the project deliverable approval process, all parties must sign off that the final design has been implemented per specifications in the final design document.
- 2.1.3 MySAP Business Suite Installed

2.2 System Administration Procedures

- Backup & Recovery Strategy
- System Administration Procedures
- Client Copy Procedures
- Database Administration Procedures

2.3 SAP Organization Structure Design

- Organizational structure within SAP to facilitate configuration environment for the City

2.4 HR/Payroll Deliverables:

2.4.1 Business Blueprint – The purpose of this task is to create a document that describes the design of the proposed solution and implications for the COH's administrative business functions. This document will communicate the new business solution and expected changes to the organization. The deliverable will include:

- The proposed integrated business processes
- High-level introductory descriptions for each process
- Supporting visual process flow or hierarchical diagrams
- Attachments such as KPI documentation, fit/gap analyses, justifications for conversions, enhancements and interfaces, completed technical questionnaire, etc.
- An assessment of known impacts for disabled employees and plans to accommodate those needs as part of the configured solution.

With the information conveyed by this document, the organization should be able to approve the proposed solution. The Business Blueprint Report becomes the master deliverable/document, which serves as a basis for the entire project.

2.4.2 Baseline Scope - The business transactions and processes that are included in the initial plan for implementation are captured in this document

2.4.3 Business Process Procedure Master List - The translation of all requirements to a MS Excel file which will serve as the cornerstone of what will be configured and transacted in SAP

2.4.4 Interface Approach Plan - document which summarizes the requirements for interfaces for the COH's ERP system within the HR/Payroll business areas

2.4.5 HR/Payroll Conversion Plan - summarizes the COH's planned approach for converting HR/Payroll information

2.4.6 Inventory of Enhancements to be developed

2.4.7 Inventory of Reports to be tailored/developed

2.4.8 Inventory of Forms to be developed

2.4.9 Inventory of Workflows

2.5 Change Management – Training Deliverables

2.5.1 RWD Info Pak Training

2.5.2 Training Analysis, Design and Prototype

2.6 Organization Change Management Deliverables

2.6.1 Leadership Alignment (half-day workshops, as required)

- Business case & Governance
- Leading Change & COH's Organizational Readiness

2.6.2 Stakeholder Management

- Confirm Stakeholders/Stakeholder Groups
- Assess the business process impact on each Stakeholder group
- Design Stakeholder Engagement/Influence Plans

2.6.3 Business Readiness

- Identify Business Readiness Teams
- Design Business Readiness Planning Process

Stage 2 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
2.1 SAP Installed		
2.1.1 Development Environment Established	C	A
2.1.2 Environment Inspection and Approval	A	C
2.1.3 MySAP Business Suite Installed	A	C
2.2 System Administration Procedures	C	A
2.3 Organization Structure Design	C	A
2.4 Financial and Procurement Deliverables		
2.4.1 Business Blueprint	A	C
2.4.2 Baseline Scope	A	C
2.4.3 Business Process Procedure Master List	A	C
2.4.4 Interface Approach Plan	A	C
2.4.5 Financial/Procurement Conversion Plan	A	C
2.4.6 Inventory of Enhancements	A	C
2.4.7 Inventory of Reports	A	C
2.4.8 Inventory of Forms	A	C
2.4.9 Inventory of Workflows	A	C
2.5 Change Management – Training Deliverables		
2.5.1 RWD Info Pak Training	A	C
2.5.2 Training Analysis, Design and Prototype	A	C
2.6 Organization Change Management deliverables		
2.6.1 Leadership Alignment workshops	A	C
2.6.2 Stakeholder Management deliverables	A	C
2.6.3 Business Readiness deliverables	A	C

Notes for Responsibility Matrix:

2.1 SAP Installed. COH is responsible for the prerequisite technical environment being established and ready for the installation. SAP will provide guidance on the prerequisite technical environment and will assist COH with platform selection, setup, and configuration of the Development environment. SAP and COH personnel will jointly install product. SAP will inspect and approve the environment prior to installing the SAP Software.
2.2 System Administration Procedures. SAP will provide recommended approach for system administration procedures. COH will be responsible for incorporating these procedures into their own standard procedures.
2.3 Organization Structure Design. SAP will assist COH in definition of required organization structures. COH will be responsible for finalizing and approving.
2.4.1 HR/Payroll Business Blueprint. SAP will take the lead in drafting and assembling the Business Blueprint deliverable. COH will be responsible for providing functional input/guidance and all assistance needed in completing the blueprint. COH has final responsibility for Blueprint review and signoff. COH is responsible to making sure appropriate business personnel are available and participate during Business Process workshops.
2.4.2 – 2.4.9 are generated in the process of creating the Business Blueprint. Please see 2.4.1 for team responsibilities.

Phase II: HR/Payroll

Stage 3: Develop and Test (Realization)

The purpose of this stage is to implement the business and system requirements that were defined in the Business Blueprint. The ultimate objective of this stage is to develop a system that is capable of executing the business processes that are identified in the Business Blueprint.

The system is configured in two work packages, Baseline (major scope) and Final (remaining scope) configuration. Baseline configuration of the SAP ERP System is primarily SAP's responsibility, but will require COH's participation and cooperation. Final SAP ERP System configuration is primarily the responsibility of COH but will require assistance and guidance from SAP Consulting. Extensive system testing occurs during unit and integration testing. During Integration testing, COH, with assistance from SAP, will generate and test COH's new (i.e. "to be") business processes. Scenarios will be generated so that they test the business processes that were identified in the Business Blueprint. COH and SAP will work together to successfully execute two reconciled payroll tests that will confirm that the system effectively meets all of COH's payroll requirements that are identified in the Business Blueprint.

During this stage COH and SAP will develop and execute a stress and volume test, as well as re-confirm the Technical Architecture Design. Working in close partnership with COH, SAP will configure and implement SAP role-based security and authorizations strategy for the end users. SAP will assist COH in mapping the legacy data to SAP, and will begin to test the various interfaces to COH's legacy systems. The COH Project Team will also receive a significant amount of system knowledge during this stage. The Business Blueprint will provide the detailed scope for these efforts.

Stage 3 Deliverables:

3.1 Designed and Developed software
- Interfaces
- Reports
- Conversion Programs (as well as manual conversion procedures as appropriate)
- Enhancements
- Workflows

3.2 Tested software
- Interfaces
- Reports
- Conversion Programs (as well as manual conversion procedures as appropriate)
- Enhancements
- Workflows

3.3 Unit Tested Transactions
3.4 Baseline Configuration and Confirmation
3.5 Completed Integration Test Plan
3.6 Integration Testing Complete (Completed Cycles)
3.7 Final Configuration and Confirmation
3.8 Production and Training Environments established
3.9 Change Management: Training
- 3.9.1 Development of Training and Performance Support Materials and Development Coaching

3.10 Organization Change Management

3.10.1 Communication Plan and Coaching
- Communication Planning, Preparation and Deployment
- Communication Plan Materials
- Communications Coaching (as needed)

3.10.2 Stakeholder Management
- Stakeholder interventions/action plans

3.10.3 Business Readiness

- Business readiness teams briefed (conducted kick-off)
- Team facilitation (as needed)

3.10.4 Organizational Alignment

- Issues of organizational alignment (raised by business readiness teams)
- Developed solution (re-alignment impacts to roles and support processes) to respond to changed processes

Stage 3 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
3.1 Designed and Developed software		
Interfaces	C	A
Reports	A	C
Conversion programs and/or procedures	C	A
Enhancements	A	C
Workflows	A	C
3.2 Tested software		
Interfaces	C	A
Reports	A	C
Conversion programs and/or procedures	C	A
Enhancements	A	C
Workflows	A	C
3.3 Unit Tested Transactions	A	C
3.4 Baseline Configuration and Confirmation	A	C
3.5 Completed Integration Test Plan	A	C
3.6 Integration Testing Complete	C	A
3.7 Final Configuration and Confirmation	C	A
3.8 Production and Training Environments established	C	A
3.9 Change Management – Training Deliverables		
3.9.1 Development of Training Materials	A	C
3.10 Organization Change Management Deliverables		
3.10.1 Communication Plan	A	C
3.10.2 Stakeholder Action Plans	A	C
3.10.3 Business Readiness Deliverables	A	C
3.10.4 Organization Alignment Deliverables	C	A

Notes for Responsibility Matrix:

3.1 Designed and Developed software - Reports/Enhancements. SAP will develop 10 reports during the implementation effort. COH will be responsible for providing functional design input and signoff for these reports. Additionally, the COH should allocate technical resources to learn SAP programming techniques (ABAP 4 Programming for future reporting needs). SAP and COH will each have primary responsibility for their respective work units (e.g. reports, enhancements, etc). Each party is responsible for making sure their work units are built and unit tested according to the project schedule. Not meeting development sign-off timeframes could adversely affect the project schedule.

3.2 Tested software – Reports/Enhancements. COH is responsible for testing and signing off developed software. SAP is responsible for correcting any issues identified during testing (for their components) that did not comply with the COH signed off design specifications.

3.3 Unit Tested Transactions. SAP is responsible for assisting in the unit test of transactions and issue resolution. COH is responsible for final test and signoff of transactions.

3.8 Production and Training Environments established. SAP and COH personnel will jointly establish environments. COH will lead this effort with significant assistance from SAP. COH will ensure prerequisite technical environments are established and ready for the installation. COH is responsible for the prerequisite technical environment being established and ready for the installation. SAP will provide guidance on the prerequisite technical environment and will assist COH with setup, and configuration of the environment. COH and SAP personnel will jointly install product. SAP will inspect and approve the environment prior to installing the SAP Software.

3.10.4 Organization Alignment Deliverables. COH will lead the development of business process realignment since COH will best understand how to navigate business process impacts for the organization.

Phase II: HR/Payroll

Stage 4: Deploy (Final Preparation)

The purpose of Stage 4 is to finalize the preparation of the applicable modules of the SAP ERP System before the cutover date, including performing testing, end user training, system management and cutover activities. The Cutover Date is defined as the first day that COH begins to use the new systems as its primary means for conducting COH business. The objective of this stage is to perform final system testing, complete all training and deployment activities, and to execute a cutover plan.

Stage 4 Deliverables:

4.1 Completed Production System Test (includes stress and volume test)
4.2 Completed Cutover Testing (begin Go-Live)
4.3 Production Cutover Plan for City of Houston Drafted (Go-Live Plan)
4.4 Post Production Support Plan – will focus on the first 3 months of initial production stability and will be refined for subsequent months.
4.5 Go-Live Checklist
4.6 Finalized Contingency Plan
4.7 System Acceptance (Go-Live Decision)
4.8 Help Desk Established
4.9 Change Management – Training Deliverables
    4.9.1 End-User Training Materials
    4.9.2 Completed End-User Training
    4.9.3 Train-the-Trainer Workshops
4.10 Organization Change Management Deliverables
    4.10.1 Communication Plan Deployed
    4.10.2 Executed Stakeholder Action Plans
    4.10.3 Facilitate presentation of organization design issues to leadership

Stage 4 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
4.1 Completed Production System Test	C	A
4.2 Completed Cutover Testing (begin go-live)	C	A
4.3 Production Cutover Plan for City of Houston Drafted	A	C
4.4 Post Production Support Plan Successfully Implemented	C	A
4.5 Go-Live Checklist	C	A
4.6 Finalized Contingency Plan	C	A
4.7 System Acceptance (Go-Live Checklist and Go-Live Decision)	C	A
4.8 Help Desk Established	C	A
4.9 Change Management – Training Deliverables		
4.9.1 End-User Training Materials	A	C
4.9.2 Completed End-User Training	A	C
4.9.3 Train-the-Trainer Workshops	A	C
4.10 Organization Change Management Deliverables		
4.10.1 Deployed Communication Plan	A	C
4.10.2 Executed Stakeholder Action Plans	C	A
4.10.3 Leadership recommendations	A	C

Notes for Responsibility Matrix:

4.1 Completed Production System Test. SAP will develop the system test plan and help facilitate the testing effort. COH will be responsible for making sure the appropriate COH personnel are involved and participating in the system test effort.
4.4 Post Production Support Plan. SAP will offer recommendations on how to prepare for supporting the production applications. COH will tailor as appropriate and finalize/approve.
4.6 Finalized Contingency Plan. SAP and COH will work together to develop a contingency plan for both production moves. SAP will provide recommendations and input while COH will finalize and approve.
4.10 Organization Change Management Deliverables. SAP will take the lead for these deliverables. COH will be responsible for deployment activities within the COH organization.

Phase II: HR/Payroll

Stage 5: Implement & Maintain (Go-Live & Post-Production Support)

During the process of going live with the new system, there are two critical periods. In the first few days, the Post Production Support Plan must be executed and results checked. Any issues or problems that occur in this period must be resolved as quickly as possible. Following the first few days of live operation, monitoring issues for the long term must be addressed, particularly with reference to system performance, capacity and functions.

Additionally, COH will be moving from a pre-production environment to a live production operation, so the Production Support Organization must be fully defined and established by COH. During this stage COH must set up a support organization for all ERP System end users that is capable of supporting the first critical days of production operations as well as providing long-term support. COH will be responsible for monitoring system transactions and providing feedback to the Project Team in order to optimize overall ERP System performance.

Part of the Production Support Organization is the Help Desk. The purpose of the help desk is to field end-user questions and assist them when they encounter problems with the SAP ERP System. It will also escalate problems that cannot be resolved by help desk staff to the project team.

Stage 5 Deliverables:

5.1 Production System
5.2 Production Support Organization Defined – this will define the support organization for the first twelve (12) months. The City will refine this organization once in production. The intent is to help establish an organization that will support the applications for the COH.
5.3 Post Production Support
  5.3.1 Fully-functional Help Desk Operational
5.4 Accepted Production System – During the first thirty (30) days of production, SAP will work with COH to confirm that the SAP ERP System is performing as prescribed during the Develop and Test (Realization Stage). Acceptance criterion will consist of a checklist that COH will use to confirm that each business area is working properly. For example, in the Accounts Payable business area, the checklist will include items such as confirming accurate invoice processing, 2 and/or 3-way matching, automatic updates to general ledger with expenditure information and vendor payment processing, etc. Attachment II, "ERP Phase Acceptance Criteria", contains the detailed acceptance criterion. This criterion may be refined during Stage 4, Deploy (Final Preparation).

Stage 5 Responsibilities:

RESPONSIBILITY MATRIX A=Accountable, C=Contributing	SAP	COH
5.1 Production System Live	A	A
5.2 Production Support Organization defined	C	A
5.3 Post Production Support	C	A
5.3.1 Fully-functional Help Desk Operational	C	A
5.4 Accepted Production System	A	C

Notes for Responsibility Matrix:

5.1 Production System Live. Both parties have key accountabilities in order to achieve a live production state: COH will have lead supporting the system once in production but SAP will remain initially in a support role (2000 hours).
5.4.1 Fully-functional Help Desk Operational. The existence of a fully operational COH help desk functionality to support the new system is critical to Post-production support success. This requires that the City provide the proper staffing and training to help desk personnel to meet the demands of users.
5.4 Accepted Production System. SAP will have primary responsibility for facilitating system acceptance. COH will dedicate the appropriate resources to review the System Acceptance Checklist to confirm the application is working as confirmed during the Realization Stage.

Assumptions

This section sets out the assumptions on which the Fixed Price and Project schedule described in this Statement of Work are based and describes ways in which the assumptions are expected to be used as a tool for project management, scope management and change control. COH shall manage its requirements within the Fixed Price and schedule for the Project by reviewing priorities and trade-offs in the definition of Project goals, and making decisions regarding the effort required by SAP, COH, and other staff that are designated to preserve the original budget and schedule.

If the assumptions set forth in this section change or otherwise do not prove to be accurate as the Project progresses, changes to the schedule, effort and/or Fixed Price will need to be made and the parties will promptly meet and equitably adjust the Fixed Price, effort and/or schedule. The parties will periodically review the accuracy of the assumptions and discuss the potential impact of any changes in the assumptions and the options available to minimize any impact. Upon mutual agreement, changes to the scope can be made in both an upward or downward direction, and changes to the Fixed Price will be made accordingly, subject to the change order process described in this document.

The assumptions outlined below have been organized into the following categories:

- Scope
- Project Administration
- Project Operation
- Information Technology Infrastructure
- Project Staffing

Scope

1. COH will implement the current generally available "GA" version of the SAP software that is available one month after the Business Blueprint is completed (which is assumed to be mySAP ERP 2004 software). It is assumed COH will not upgrade to a new release or version during the implementation. Additional assistance or impact analysis of release or version upgrades will be evaluated as a change order to the contract

2. COH agrees that, to the maximum extent possible, it will adapt its business processes as necessary so that the ERP System will not require modification of the base SAP software code. The Fixed Price does not include any business re-engineering efforts; it is assumed that COH is willing to implement the necessary business process changes in order to follow the SAP best business practices approach. It is understood that project scope will be carefully managed by both parties to avoid adding unplanned effort to the project or delaying the planned go-live dates of the project.

3. Neither screen modifications nor custom front-end solutions are included in this Scope of Work.

4. No bolt-ons (3rd-party software) to the SAP Software or data structures are included in scope, except to configure to use the licensed BSI Software (Tax).

5. Load and stress testing will be completed by COH using the standard SAP.tools or, if so desired by COH, a 3rd party test tool such as Mercury Interactive. SAP will provide guidance for the COH in this area.

Blueprint

6. It is assumed that all City of Houston departments will adopt common business processes that will consider the needs of the central and end-user departments for each of the processes deployed.

7. The development of the Business Blueprint is a joint effort between COH and SAP. SAP is responsible for the development of the "to-be" documentation of COH business processes based on the SAP Software's capabilities and based on extensive end-user input by the COH. COH will need to commit resources to the project that have an in-depth understanding of current COH

business processes. Additionally, COH should make sure the resources committed to the project are empowered to make "to be" business process decisions for the COH.

8. During the Blueprint stage, the final version of the Functional Requirements Matrix (Attachment I) will be used as a guide to help design COH's new business processes (including all functionalities determined for final pricing by SAP). Once approved, the Business Blueprint will be the final scope document for the implementation.

9. With the implementation of Inventory Management, it is imperative that all material master data (stock numbers and related data/ stock balances) be "cleansed" by COH and is accurate prior to conversion. In addition, it is assumed that only major stock materials will be converted to the SAP ERP System. Items such as office supplies and cleaning materials should not be converted for inventory management purposes in the SAP ERP System. By limiting implementation to major facilities and high value stock items, a more manageable implementation can occur.

10. Implementation storage locations will be limited to major facilities. No implementation will occur for minor storage locations such as individual repair trucks or small satellite facilities.

11. Project Systems - The initial scope of projects for the project accounting implementation will be limited to capital projects managed by the City of Houston. The project plans to implement the Project Systems (PS) module basic Work Breakdown Structure (WBS) functionality to satisfy the project accounting requirements. The WBS elements within a project will allow COH to represent the high level phases and components of a project in a logical hierarchy and capture actual, committed and budget information at these levels. This basic project accounting WBS solution will not include the advanced project management features of the PS module such as the tracking of detailed project tasks and work activities.

12. SAP intends to work with COH during the Business Blueprint development process to identify any technical development that needs to be performed during the implementation effort. No modifications will be made to the SAP Software source code and data dictionary.

13. Reports will include 10 developed report equivalents that will be confirmed during Business Blueprint. Based on SAP's review of the City's functional requirements, the following custom reports are anticipated:
    - Asset Management – GASB 34 reporting (FI3), Governmental Reporting (FI16)
    - General Ledger – CAFR (YE20), Annual Statistical Reports (YE21), SAGA Report (YE22), Controller's Annual Report (YE23)
    - Human Resources – Random Testing Selections (EM6), Over 64 Hours Report (TL52), Pay Range (PY111), Special Pays (PY124)

14. Workflows will include 7 standard workflow equivalents that will be confirmed during Business Blueprint. Based on SAP's review of the City's functional requirements, the development of the following custom workflows are anticipated:
    - Management Notice for Postings (PC30), Job Announcement Routing & Approvals (PC31)-(count as one equivalent)
    - Missed Deduction Notification (BA56)
    - Automatic Life Insurance Conversion Notification (BA57)
    - ESS Transaction Routing (ES8)
    - Time Approval Alerts (TL3), Request Time Off (ES37)-(count as one equivalent)
    - Performance Appraisal Notification (EM104)
    - Multi-path Approvals (GP27)

    SAP uses "queues" to handle business process-related routing in the various modules. The workflows recommended above and priced are for workflows that are outside the functionality of the standard queues for day-to-day work processes.

15. Four (4) enhancements to the SAP software are included that will be confirmed during Business Blueprint. The effort for each of these is estimated at 80 hours each. Based on SAP's review of the City's functional requirements, the following custom modifications are anticipated:

- Ability to import allocation data (AL8)
- Different Health plan assignments for dependents (BA52)
- Automatic interest apportionment (CIM6)
- Maintenance of fund average daily cash balance (CIM7)

Any additional enhancements will require a change order be executed. SAP will provide estimates for these enhancements as part of the change order process.

16. It is anticipated that five (5) core forms (non-report items that COH might need to physically print from the new system) will need to be developed to support the functionalities addressed in the Functional Requirements Matrix (Attachment I). For example, it is assumed the following forms would be needed for the COH:

    - Remittance Advice for printing checks
    - Remuneration Statements (pay stubs) for HR
    - Purchase Orders
    - 2 other forms to be identified

    Any additional forms will require a change order be executed. SAP will provide estimates for these forms as part of the change order process

Interfaces

17. Per COH's request, SAP has included as part of its fixed fee 2,000 consulting hours to provide application interfacing expertise. This resource(s) will lead a team of COH and 3rd-party resources in developing an interfacing systems plan for HR/Payroll, Financials and Procurement. COH expects to contract 3rd parties for the actual design and development of the interfaces. SAP will provide estimates for these interface programs as part of the change order process if desired by the COH.

Conversion

18. Per COH's request, SAP has included as part of its fixed fee, 2,000 consulting hours for SAP data conversion/migration expertise. This resource will lead the analysis effort to determine the most cost-effective method for converting/migrating historical ERP-related data in HR/Payroll, Financials and Procurement to the new ERP environment. Additionally, this SAP resource(s) is responsible for creating a Data Conversion Plan and supporting the design, test and implementation effort which would include providing point-expertise, providing guidance on the testing approach, etc. Data will be migrated as appropriate. COH expects to contract 3rd parties for the actual design and development of conversion routines. SAP will provide estimates for these conversion programs as part of the change order process if desired by COH.
19. During conversion, COH will be responsible for generating data extracts from legacy systems, based on format requirements provided by SAP for their standard conversion programs. SAP will assist with mapping and loading the extracts into the SAP Software. Reconciliation of data (i.e., "data cleansing") will be done by COH personnel prior to the data conversion into the SAP ERP system. COH will be responsible for the entry and reconciliation of data that will be input manually.
20. During the development of the Business Blueprint, a comprehensive Conversion Plan for the Financial, Procurement and HR/Payroll areas will be developed. The purpose of the plan is to identify and confirm all conversion data sources and the approach for converting them.
21. COH will perform all manual conversion processes. Manual conversions will be identified during blueprint and they can be classified as "manual" when the volume is too low to justify the cost of developing an automated conversion program. For example, for areas that have low volumes of data, (e.g. open requisitions) COH would develop a manual procedure and have personnel manually enter this information into the SAP ERP System.
22. Some prior year budget information may be necessary in order to process transactions that have a prior year impact. The assumption is that only remaining balances would be loaded (remaining spending authority) in order to process these transactions (e.g. it is expected some purchase orders to be open at the time of conversion). The exact number and impact this information has

on the conversion effort will be determined by COH during Business Blueprint, with input and guidance from SAP.

Business Requirements

23. Since the Accounts Receivable module is out of scope, Cash Receipting needs will be handled via standardized use of Journal Voucher functionality and interfaces to individual AR systems. Additionally, credit card activity will also be processed through individual AR systems.
24. Because AR is not in scope, Billing amounts will be determined through Grant Management reporting and then manually processed using COH's AR system(s).
25. Within Asset Management, COH plans to track warranty and maintenance status using one of five user-fields within SAP.
26. Within Cash and Investment Management, Investment portfolio objects are used and the allocation is performed via average daily cash balance. This is a report/process that will be setup during implementation (the creation of the average daily cash balance allocation is already included in the work effort estimated).
27. Within Applicant Tracking, requirements ES10-ES18 will be met for internal applicants only..
28. SAP and COH assume leading-practices based procurement business processes will drive the "to be" business processes for COH procurement.
29. SAP performs fund consolidation via fund group reporting. SAP and COH will work during Blueprint to fully define the process for debt accounting.

Change Management and Training

30. SAP will provide a consulting Change Management lead as part of its fixed fee for COH's SAP implementation. This is currently assumed to be 18 months in duration. However, COH will provide a resource to serve as an internal change communications resource. This resource will be available for knowledge transfer, introductions, and contacts for the change and training team, organizational insight, and will participate in planning facilitation and activity development. This role(s) should be full time and is essential to deliver Change Management activities across the breadth of this project.
31. It is COH's responsibility to coordinate the proactive Change Management effort within COH as the implementation of the SAP Software will affect individual job functions. If such an effort is not managed by COH, COH may create serious risk for the success of the Project.
32. The proposed solution is based on COH's use of RWD Info Pak® for system task documentation. SAP will coach COH training materials developers for four continuous weeks to:
    - Use Info Pak to develop business process procedures and work instructions for tasks identified as critical to validation and training needs.
    - Understand and adhere to the document review process for the development process.
    - Use Info Pak to update business process procedures and work instructions based on review process.
    - Use Info Pak to develop training exercise scenarios and data in the SAP training client to support practice exercises. Data must be identified, created and tested by COH in order for exercises to be executed successfully during a course.
33. SAP will deliver 25 course days of instructor-led training, three times for each course, for a total of 75 instructional course days. This amount will vary depending upon the course curriculum and training schedule as determined during training analysis. The end-user training curriculum will be fully developed during the Analysis, Design and Prototype effort.
34. The pricing estimates are based on 10,108 professional end users.

35. SAP training consultants will team with COH training resources to develop the customized end user training and documentation deliverables, including: course concepts, work instructions, hands-on exercises, and simulations. Our estimate for training resources during the training content development phase (during the Realization Phase of the implementation) is based on splitting responsibility for the performance support deliverables evenly (50/50) between SAP and the COH.

    SAP and the COH will be responsible for developing the following numbers/types of materials as part of the overall training and documentation strategy for the Licensee's end users:

Course	Concepts	Length (Days)	Tasks	Work Instructions (70%)	Exercises (35%)	Simulations (15%)
Financials						
Account Payables	5	2	34	24	12	5
Account Receivables	4	2	18	13	6	3
Asset Accounting	4	2	35	25	12	5
Cost Center Accounting	5	2	36	25	13	5
General Ledger	4	2	24	17	8	4
Grants/Project Accounting	5	2	24	17	8	4
Bid Requests & Quotes	3	1	30	21	11	5
Contract Management	3	1	30	21	11	5
Purchasing						
Purchasing Master Data	2	1	17	12	6	3
Requisitioning	1	1	12	8	4	2
Purchasing Operations	2	2	30	21	11	5
Inventory Management						
Receiving Operations	2	1	5	4	2	1
Internal Movement	6	3	28	20	10	4
Human Resources						
Personnel Management	6	3	47	33	16	7
Organizational Management	4	2	24	17	8	4
Benefits Administration	3	1	35	25	12	5
Payroll	5	2	31	22	11	5
Time Management	2	1	17	12	6	3
TOTALS	**66**	**31**	**477**	**334**	**167**	**72**

SAP Responsibility	**33**			**167**	**84**	**36**
City of Houston Responsibility	**33**			**167**	**83**	**36**

The training team resources provided by COH are assumed to be responsible for developing half of the course concepts, work instructions, hands-on exercises, and simulations approximately the same number of each deliverable type mentioned above. The SAP training consultants will also coach the COH personnel during the training development phase of the project. This deliverable set, developed jointly by SAP and COH, constitutes the recommended training and documentation program recommended by SAP for the Licensee's end users. This plan is subject to validation by COH and SAP during the initial training analysis and design phase

36. All materials will be developed in English, and a single master of the training materials (electronic and paper) will be provided to COH. COH will be responsible for all further reproduction of the end user training materials for its internal needs.

37. The success of the project is largely dependent on COH's providing access to key employees, conducting rapid technical reviews, and granting timely approvals of draft materials. COH and SAP will agree on turnaround requirements during the project's analysis phase.

38. COH will utilize SAP's Preferred Card to pay for the first $200,000 of project team training, as agreed to in the Contract Agreement. The proposed Project Team training plan provided by SAP is attached to the SOW as Attachment III. This plan may change based on the needs of the Project, but provides a reasonable basis for the initial expenditure under the contract. This plan provides for overview training for all COH full-time project team members, and specific courses for Leads on the project. The City can choose to purchase additional training if they chose to provide training to more people.

39. Training that takes place too far in advance of the go-live is risky. SAP recommends the end user training will take place no sooner than one to two months prior to go-live. Overview and Navigation training can occur earlier if desired.

Production Support

40. SAP will provide 2,000 consulting hours as part of its fixed fee for post Go-Live support to COH. It is anticipated that these resources will be split between the Financial and Procurement phase and the HR/Payroll phase.

Project Administration

1. SAP and COH will work together to address staffing issues for both teams. COH reserves the right to require SAP resource replacements if there are documented performance issues.
2. SAP project team members will complete any applicable COH confidentiality agreements and comply with all COH security procedures while performing work related to the project. A member of SAP's team will be allowed to attend appropriate project team meetings to stay abreast of the system status, changes, and issues. This will help ensure that project scope changes, unexpected costs, delays, and schedule changes are avoided.
3. COH's full-time primary Project Manager will have authority to make decisions on Project direction and resources in accordance with the Project schedule. The COH Project Manager is responsible for informing COH management of any Project concerns or issues that may be communicated by SAP. In case of sickness or vacation, the key decision-makers will have an alternate assigned as designees.
4. Both SAP and COH acknowledge that decisions reached in completing milestones, tasks and stages cannot be revisited without associated increases or decreases in Fixed Price and /or offsetting changes to the Project schedule. The parties assume a continuous, linear progression through the phases of the ASAP Methodology (i.e., Blueprint, Realization, etc.)
5. SAP will assume COH's project start date will be June 1, 2005. Any deviation from this date could adversely impact overall project schedule and cost. The project schedule and pricing was developed in order to meet COH's desired Go-Live dates for Phase 1 and Phase 2. Not meeting these timeframes could increase conversion and interface complexity and require additional resources.
6. The vendor's standard methodology (ASAP) will be used to implement the SAP mySAP Software, and will take precedence over any other methodology introduced by COH or 3rd party consultants. The methodology may be modified in order to meet Project requirements, subject to mutual agreement between SAP and COH.
7. COH's existing ERP Project Sponsor Team will continue to provide oversight going forward into implementation. This team is made up of key executive business stakeholders within COH. The SAP Consulting Engagement Manager and Project Manager will represent SAP at meetings between the Project Sponsors and the ERP Project Management team.
8. The project will be managed by deliverables and target dates. The core team members will be responsible for delivering work products consistent with the schedule in accordance with the agreed

upon project work plan. Therefore, the timeliness, quality, and completeness of the deliverables are the responsibility of SAP and COH, as indicated in the Responsibility Matrices provided in previous sections of the Statement of Work.

9. A Quality / Risk Management process will be utilized throughout all stages of the project. SAP and COH designees will conduct risk reviews jointly on a quarterly basis in order to access the progress and risk associated with the project. All major and critical project risks will be documented and discussed with COH Project Sponsors and SAP Management, and managed on a daily basis as part of the Project Management process.
10. It is assumed that SAP and COH will resolve all potential issues affecting the implementation schedule at the lowest level possible (see Issue Resolution Process below). All project issues will be documented on an issues log and will be reported in project management status reports. All policy decisions and project issues requiring resolution will be resolved by the Executive Project Sponsors and Project Management team (both SAP and COH) in a timely manner in order to keep the project on track. It is assumed that any decision requiring City Council approval will not cause any substantial delay to the project schedule.
11. SAP consultants will be teamed with COH counterparts to promote the successful knowledge transfer and skills development needed for COH to become self-sufficient after the system go-live. It is assumed that that prior to going-live COH will provide ERP support functions at both the help desk/call center and technical support levels for the new system.
12. All Project team members will refer any and all media contacts to the COH Project Manager to ensure accuracy of response.
13. Before rolling off the project, all vendor staff (including 3rd parties) will document outstanding responsibilities and submit to the COH Project Manager.

Project Operation

1. All COH core ERP project team members will be assigned to the project full-time and will not have responsibility for work outside the scope of the ERP Implementation Project (team leads, module leads, and module subject matter experts (see Project Organizational Structure diagram below)).
2. The Project work plan assumes a core Project team that will be supplemented throughout by COH-designated subject matter experts (SME) in COH business processes. These subject matter experts will provide in-depth process knowledge for the business.
3. It is necessary for the team to have a common understanding of the vision and goals of the Project. The COH Project Sponsors are responsible for ensuring the team understands the vision and goals for the Project and their associated roles and accountabilities.
4. There will be no delays resulting from routine setup of office facilities, workstations, secretarial, network, and other office support.
5. Current Microsoft Office products will be standard for the Project and will be used by all in the creation of deliverables for the project. Microsoft Visio will be used for process maps and other graphics documents; Microsoft Project will be the standard for Project plans.
6. COH will provide the Core project team with an office area that has adequate room for project team members. The project team offices will include an adequate number of meeting rooms and training facilities, including desks, desktop computers, telephones, photocopiers, and printers. COH is responsible for providing all miscellaneous office supplies such a paper, printer cartridges, pens, etc. The project team offices will be ready for occupancy and full operation at the start of the project.
7. COH Project Team members, with input from COH Subject Matter Experts, will have the authority to make the necessary design decisions regarding how SAP business transactions should be performed. Discrepancies in this area will be resolved by the Project Sponsors, if necessary.
8. COH will strive for at least a 2:1 ratio of COH staff to SAP functional consultants. Additional COH resources will be required to perform Change Management and deployment activities, course development, and training course delivery.

9. SAP consultants will work a 4-day x 10-hour/day work week. Consultants will start no later than 9:00 a.m. on Mondays and leave no earlier than 4:00 p.m. on Thursdays. If possible, COH employees on the Core project team will be allowed to work a similar schedule where appropriate. Part-time COH participants will maintain a 5-day x 8-hour week to allow them one day a week to focus on their other responsibilities.
10. Project Management will make every effort to balance personal workloads for the team. However, there are typically periods during ERP projects that will require overtime from both COH and SAP personnel. This could include working some weekends. Both COH and SAP will need to support these periods.
11. To the extent possible, SAP will staff the project with qualified persons living in the Houston area.
12. COH Project team members will complete the appropriate SAP training classes prior to the start of integration testing
13. COH will provide the resources described in the Project Staffing section of this Statement of Work. These resources will work together with the SAP Consultants as one team towards the successful implementation of the SAP ERP System
14. COH and SAP will provide, on a timely basis, all programming resources required as appropriate to develop the programs for any interface, reports, user exits, customized workflows, and conversion data from legacy systems that exceed the SAP limits described in other assumptions in this Statement of Work.
15. COH Project team members must have a thorough understanding of COH's business requirements, as they relate to the ERP implementation. COH team members selected to participate will be key members of the functional areas affected by the implementation of the SAP ERP System. Project team members will be empowered to act and make decisions in a timely manner as they relate to implementing the SAP ERP System so as not to negatively impact the timeline or Project schedule. Not only must they understand the current and future business requirements, but they must also be good communicators in order to draw information from others in the organization as well as provide feedback on the goals and progress of the Project.
16. Key COH executives and business process owners will be available for participation in interviews, meetings and workshops required throughout the Design (Business Blueprint) stage.
17. The core COH Project team members will be responsible for delivering work products consistent with the agreed upon Project work plan timeline.
18. No significant change to the COH organization structure is factored into the scope of this Project. Any impacts upon the Project (including on SAP's obligations) caused by any such organizational changes after acceptance of Stage 2 for Phases I and II are out of scope and will be subject to the change order process described below.
19. It is the responsibility of COH and/or SAP to resolve any issues regarding third-party suppliers and contractors they have retained and their performance on the Project so as not to impair the Project schedule.
20. COH and SAP will jointly evaluate Project progress on a regular and continuing basis. Both parties agree that each may need to provide additional resources to the Project if the Business Blueprint or testing of the system falls behind schedule. These resource changes will be mutually agreed to by the SAP and COH project leadership (COH Program and Project Managers, SAP Consulting Engagement Manager and Project Manager), and approved by the Executive Project Sponsors.
21. The Project-testing plan will include 2 cycles of parallel payroll tests during the Develop & Test stages.

22. If there are any outstanding issues (that have been assigned to SAP post production support personnel) remaining at the end of the post-implementation time period, SAP will work with COH to identify the responsibilities of each party in resolving these issues if not otherwise already identified in this Statement of Work. In the event the parties cannot agree on a course of action to resolve these issues, then the parties shall follow the issue resolution procedure set forth in this SOW. Once SAP and COH have determined which of the outstanding issues are the responsibility of SAP, SAP shall use all commercially reasonable efforts to resolve such issues regardless of the end date of the Project as stated herein.
23. Should SAP determine that federal, state or local income or gross receipt tax may be imposed on the reimbursement of taxable expenses to Contractor personnel performing Services under this Statement of Work, the parties agree that SAP, with the approval of the Director, which shall not be unreasonably withheld, may temporarily remove such personnel (including Key Personnel) from the Project for the period required for tax minimization purposes.

Project Operation Assumptions specific to Change Management and Training

23. COH will provide the following to SAP at the project start:
    - Copies of all existing training plans and documentation for the current AMS system
    - Documentation for, and appropriate access to, any legacy or add-on systems
    - Documentation for all reporting policies/procedures (time, expenses, progress reports, etc.)
24. COH subject matter experts (SMEs), who will be identified during the kickoff meeting, will be accessible throughout the project to ensure timely execution of tasks. These COH SMEs will have the requisite authority to make content and format decisions for materials within their area of responsibility.
25. COH will provide classrooms for end user training and will take responsibility for ensuring that networked computers in the classrooms function properly. COH will also provide computer projection devices in each room, as required, and access to the training system.
26. Prior to the start of training for the RWD Help Launchpad Software, COH shall install the RWD Help Launchpad Software code. COH's failure to install the software will cause delays in the completion of the RWD Info Pak Software training.
27. COH shall ensure administrative rights for all Info Pak-based workstations to allow proper installation of the client-based RWD Info Pak components.
28. COH will provide a resource to maintain the RWD Info Pak® Glossary during training development and delivery.
29. COH agrees that any estimates provided in this Statement of Work may be subject to change if the project resources are not provided.

Information Technology Infrastructure

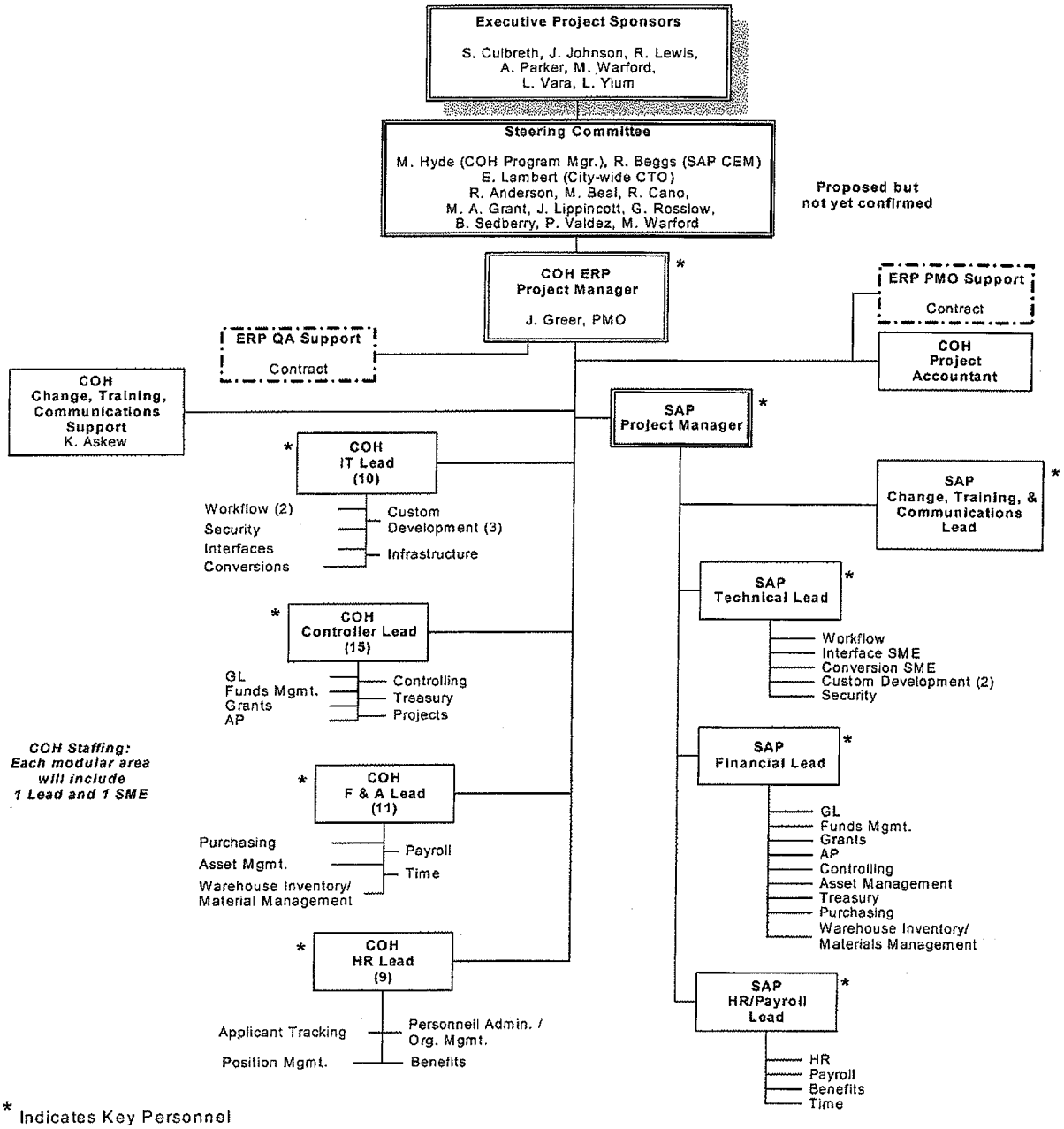
1. SAP environments will be established by COH for Sandbox, Development, Test, Training and Production.
2. An agreed upon high-speed connection to the SAP Software will be installed by COH within 30 days of Project start-up to facilitate access to Service Marketplace.
3. An SAP Basis consultant will work with COH to install the software as well as to assist in establishing the various SAP environments. The Basis consultant will be responsible for managing the Transport Management System that controls and manages system configuration and program objects. The Basis consultant will also provide system support and performance optimization and recommend strategies for backup and recovery, capacity planning and hardware configuration.
4. Sufficient access rights will be provided to enable the Project Team to perform the tasks assigned.
5. SAP Solution Manager will be used and installed prior to the project Design stage.

6. All hardware performance guarantees are provided by the hardware vendor and are not guaranteed by SAP.
7. No standalone document management, OCR technology, or data archiving are included in the scope of this project.
8. The appropriate hardware and infrastructure to support a Sandbox environment will be provided by COH at the beginning of the Design stage. All other environments will be provided by COH in accordance with the Project Plan.
9. The required technical and application infrastructure will be available throughout the Project:
    - COH and SAP Project team members will be given access to the SAP environment, including secure dial-in and/or direct access to COH networks, granted as necessary.
    - Full-time, on-site Project technical support (e.g. desktop, printer, network, and email) for the Project team will be available.
    - Personnel with adequate IT support skills will be in place to assist with the Project's database administration, network / connectivity (including remote access), and helpdesk / hotline support.
10. The COH Development environment will provide to developers a reasonable turnaround and response time (i.e. development productivity will not be noticeably degraded as a result of development environment performance, reliability or availability problems). Resource contention will not result from use of the Development or Test environments for other projects or activities.
11. COH will correct faults and outages in any component of the technical environments or other equipment, software and materials made available by COH to the Project Team in a manner that will not impact the Project schedule.
12. COH will specify requirements for back up and recovery, virus checking, availability, and security and authorization. The requirements for the technical environment will be updated accordingly.
13. All technical environments will be properly maintained. Hardware and software relevant to the Project will be available during normal project hours, except when scheduled for maintenance and downtime. It is assumed that no changes or improvement in COH's IT infrastructure will be required.
14. Security assistance is for SAP security only. It is assumed that standard role-based security will be implemented COH-wide, not at a department level. A significant amount of customization of security profiles will be reason for a change order (e.g. assumes use of standard security profiles).
15. SAP will be accountable for complying with COH network security procedures of any computer equipment brought into the COH environment (e.g. laptops).
16. SAP will provide the City with documentation of all required data structures needed by the City for its future interface/integration projects independent of this project, such as the system's data dictionaries/schemas and data/process flow diagrams.
17. COH will be accountable for any ERP System Performance issues that arise as a result of inaccurate information provided by COH for the Landscape Architectural Design, Hardware Sizing Recommendation, or Technical Architectural Design.
18. SAP is accountable to provide a recommended Technical Architecture Design for a technical infrastructure that will meet the requirements identified in Stage 1 by COH. COH is accountable for participating in the review of those recommendations and providing input and clarification in the process of finalizing the design. COH is ultimately accountable for accepting the recommended design with modifications that result from the joint review and design discussions by COH and SAP, with involvement by COH's 3rd party Infrastructure vendor(s).
19. SAP will provide experienced senior level technical consultants who will define a technical architecture that substantially meets the City's requirements, which will be defined by the COH during Stage 1 deliverables 1.8 and 1.9 of this Project.

Project Staffing

This section shows the proposed project organization and describes the roles and responsibilities. It will be refined during the Plan stage, and is therefore subject to change. Any changes in key personnel (marked with an asterisk) of either party must be approved by both COH and SAP.

COH ERP Implementation
Project Organizational Structure



* Indicates Key Personnel

SAP will commit to the project those Key Personnel that have been identified for the project from SAP, and whose resumes have been reviewed and approved by COH, prior to signing of the contract. If a resource becomes unavailable to the project due to circumstances out of SAP's control (e.g. a reason other than committing them to a different project) SAP will provide a resource of comparable or more experience and skill.

SAP will supplement its effort with at least 35% of total professional services fees utilizing qualified, local Minority/Women Business Enterprises (M/WBE), COH-certified consultants. Both staffing plans are best estimates of the resources that will be required to successfully implement the system based on the Functional Requirements of the City, the implementation of which is priced accordingly by SAP. Both parties understand that changes will likely be required throughout the project in order to ensure quality and on-time completion of project deliverables.

The following describes the roles and responsibilities of the Project Team members:

COH Executive Project Sponsors – The Project Sponsors represent the executive decision-making body for COH's long-term ERP goals and visions. They have the final responsibility to set policies/priorities, approve scope, and settle ERP-related issues on behalf of COH, subject to City Council approval for any contract amendments or funding above previously approved amounts. Where conflict exists in the completion of these responsibilities, the Executive Project Sponsor team will negotiate and promote a solution. The Project Sponsors have final budget management and staffing authority.

The Executive Project Sponsor Team will be comprised of key COH executives.

COH Steering Committee – The Steering Committee will be comprised of the COH Program Manager, the SAP Consulting Engagement Manager, SAP Account Executive, and key Process Owners. The Steering Committee will hold monthly meetings to review project status, discuss issues, and assess QA/Risk status. The COH and SAP Project Managers and the QA Consultant will attend these meetings. The Steering Committee will provide guidance and feedback to the project based on direction set by the Project Sponsors. They will review deliverables of the project and approve on behalf of their respective areas.

COH Process Owners – Key Process Owners will be identified by the Project Sponsors and will be those individuals within that City having the knowledge and authority in ERP-related business processes to review and approve direction, decisions, and deliverables related to the project in those areas. These people will sit on the COH Steering Committee.

COH Program Manager – The Program Manager, with direction from the Executive Sponsors, is responsible for committing resources to the project, monitoring the progress and the organizational impact of the project, conducting project reviews, signing off on major deliverables, empowering the core team to make decisions, addressing escalated issues, generating quick decisions and supporting the Project Manager to accomplish the project goals.

Vendor Executive - The SAP Consulting Engagement Manager will serve as COH's executive contact with SAP leadership. The CEM will have ultimate authority over SAP project staff and resources. The CEM will also be responsible for assisting in issue resolution, as well as addressing and approving change control issues in conjunction with the COH Project Manager. The SAP Project Manager will report to the SAP Consulting Engagement Manager.

SAP Account Executive (AE) - The SAP AE is responsible for overall customer satisfaction and support of COH. The AE is responsible for assisting in issue resolution, addressing contract or software licensing issues and ensuring that SAP is meeting the expectations of COH.

Project Management - Each party shall designate a Project Manager. The Project Managers shall work together toward a timely implementation in accord with the tasks and deliverables for the Project. The COH and SAP Project Managers plan the Project and assist in Quality Assurance activities and monitor Project progress. They have primary responsibility for project deliverables and providing day-to-day direction of the Project team. Other activities include scope definition, development of the project plan and training schedule, and attendance at Project Sponsor meetings.

The COH and SAP Project Management will conduct joint resource reviews. If they agree that a COH- or SAP-provided resource is not performing at the required level, they will promptly develop and execute a plan to replace that resource within a reasonable timeframe (see Issue Resolution Process).

Both Project Managers will work closely throughout the project to develop, maintain, and execute the project plan so that project tasks are completed on time and within the planned project budget. They are each responsible for staffing of their respective teams and for managing the issue resolution process.

The COH Project Manager is accountable to COH's Project Steering Committee and will report organizationally to the COH Information Technology Program Manager (member of the ERP Steering Committee) and Director (member of ERP Executive Project Sponsor Team). SAP's Project Manager is accountable to the COH Project Manager and will report organizationally to SAP's CEM. SAP's CEM and the COH Program Manager are accountable to the COH Project Sponsors and will report organizationally to their respective Executives.

The COH and SAP Project Managers, the COH Program Manager, and the SAP Consulting Engagement Manager will participate in meetings with the Executive Project Sponsor regularly to update status and address any project issues. The SAP Project Manager is responsible for preparing project status reports that consider the project objectives, accomplishments to-date, and objectives for the upcoming period, actual versus planned work, resource effort and outstanding issues. The SAP Project Manager will be responsible for preparing a project status report on a monthly basis. Both Project Managers will jointly conduct weekly project team meetings with Project Team Leads to review the status and address issues of the project.

ERP QA Consultant – Independent Quality Assurance and Risk Management expertise will be provided by a 3rd party consultant for the ERP project who will provide subject matter expertise specific to an SAP implementation. This role will report to the COH Project Manager and be responsible for reviewing project plans, timing, and deliverables and providing expert feedback regarding any quality or risk issues that may be emerging throughout the life of the project. This effort will be in addition to the Quality Assurance and Risk Management activities carried out by both COH and SAP Project Managers within the project approach and plan.

Project Stakeholders -- Project Stakeholders have an interest in the project and should be involved in project activities on a part-time basis. Key stakeholders can directly influence the outcome of the project and should be involved in the project to ensure success. Other stakeholders -- identified during the Initiating and Planning Processes -- include individuals and organizations who need to be involved in the project, or whose interests may be positively or negatively affected as a result of project execution and/or successful project completion.

SAP Consultants – The functional consultants are responsible for mapping COH's requirements to the system and configure the system to meet those requirements. The SAP Consultants will also provide recommendations on SAP Best Practices, and engage in knowledge transfer to the team. During the Design stage, these consultants will work with COH staff to design, configure, and test the system. The SAP Consultants will also work closely and coordinate activities with the development, training, security, change management, and deployment teams.

COH Project Team Members - The Project Team members will serve full-time as the primary partners for the SAP Consultants. The Functional Team comprises both business function representatives and information technology representatives, bringing a variety of different perspectives and expertise to the project. They provide input for the product or service throughout the project lifecycle. They will participate in all project stages and will share in the development, testing, and deployment of the system. This approach will best leverage the team resources, and will ensure proper transfer of knowledge. It is expected that some of these team members will evolve into the core team for providing post Go-Live support.

- Process Area Team Leads (Technical, Controller, F&A, HR/Payroll) – These positions will coordinate the activities of their respective teams in accordance with the project plan. They will be responsible to the COH Project Manager for the timely delivery of their respective deliverables and to provide input into project status updates and issue resolution.

- Modular Team Leads – These individuals will have primary responsibility for the modular area they represent (e.g. GL, Time), and will play an important role in facilitating the involvement of COH department subject matter experts and carrying out the day to day duties on the project.
- Modular Subject Matter Experts (SME) – These individuals will provide deep subject matter expertise for a particular module to the project, and assist the modular team leads in carrying out the day to day duties of the project.

COH Change, Training, and Communications Support – This person will work in partnership with the SAP Change, Training, and Communications consultant to develop the deliverables associated with these areas, and coordinate the delivery of training to the Project Team and End Users.

COH Project Accountant – This resource will be dedicated to the ERP Project to assist the Project Management with the financial aspects of the project, including maintaining budget documentation, coordinating purchasing activities, managing the receipt, documentation, and disposition of hardware and software for the project, etc. It will be the responsibility of the Project Accountant to notify the COH Project Manager of any concerns or issues that arise with regard to project financial matters so they may be dealt with expeditiously.

PMO Support - This role will provide project assistance to the Project Manager in the fulfillment of the day-to-day project management responsibilities. Duties include executing the detail set up plan for the war room, planning and coordinating the logistics of all meetings and workshops, creating and distributing minutes of all meetings, developing project deliverables, aiding in the communication of project status, coordinating and maintaining project documentation, assisting in day-to-day management of the project plan, and day-to-day tracking of issue resolution, among others.

SAP Basis Consultant: The primary responsibility of the Technical "basis" Consultant is to manage the completion of all technical project deliverables. The Technical Consultant must be able to work with the Project Managers to complete the technical requirements planning, plan and manage the technical scope and resources schedule. The Technical Consultant is responsible for the overall technical architecture of the SAP system. Other responsibilities include: communicate and provide the day-to-day technical direction of the project including detecting project "deviations" and being responsible for taking immediate corrective action, developing and managing the Go-Live Plan and acting as the liaison to the application team.

SAP Security Consultant: The SAP Security Administrator is responsible for managing the SAP security environment, and working closely with COH IT Security staff. The SAP Security Administrator is responsible for designing mechanisms and procedures for user administration, profile creation and maintenance and security management for the SAP surrounding environment.

Deliverable Payment Schedule

Payment to the vendor by COH will be based on deliverables. The "Deliverable Payment Schedule" exhibit to the Agreement specifies the Project deliverables and the timing of the associated payments ("Fixed Price").

Completed milestones will be invoiced per the "Deliverable Payment Schedule" exhibit and payment terms are net thirty (30) days after the date of invoice in accordance with the Texas Prompt Payment Act, subject to the Acceptance procedure outlined in this Statement of Work. The schedule assumes that COH will begin project team training on or around April 1, 2005 and begin formal project implementation preparation on or around June 1, 2005, with the intent of going live with ERP Financials and Procurement on July 1, 2006 (start of Fiscal Year 2007), and going live with HR/Payroll on January 2, 2007 (after calendar year-end). The Payment Schedule will be adjusted accordingly based on the actual start date as mutually agreed upon by both parties. Please see the "Deliverable Payment Schedule" for a listing of deliverables, estimated due dates, payment amounts, hold-back amounts and net payment amounts.

Out of Scope Services

Work considered to be outside the scope of this Statement of Work may be contracted for on a time and expense basis, based upon the rate schedule on the following page, under mutually acceptable Statement(s) of Work to the Professional Services Schedule entered into between COH and SAP. All expenses under any such statements of work shall be billed as incurred.

Consulting Rates for Out of Scope Services

The following categories have been defined for SAP consultants:

K1	=	Junior Consultant
K2	=	Consultant I
K3	=	Consultant II
K4	=	Senior Consultant
K5	=	Senior System Consultant/Management Consultant
K6	=	Client Manager or Lead Consultant
K7	=	Developer, Global Support Manager, Consulting Manager or Platinum Consultant
K8	=	Senior Developer or Consulting Director

The rates applicable to each category in US dollars are as follows:

	K1	K2	K3	K4	K5	K6	K7	K8
Hourly rate	125	150	175	200	237.50	275	312.50	375
Off hours Hourly (2) (up to 8 hrs.)	187.50	225	262.50	300	356.25	418.75	468.75	N/A
On-call service (3) (up to 8 hrs.)	125	125	125	125	125	125	125	125
Remote Consulting (4) (hourly rate)	270	270	270	270	270	270	270	270

Expenses: as incurred per visit **Mileage: IRS Mileage rate at time charged**

(1) Daily and half day and overtime rates are applied to consulting services provided from Monday 6:00 a.m. until Friday 8:00 p.m., excluding holidays as observed by SAP.

(2) The following constitutes off hours:
- SAP observed Holidays
- Weekends: 8:00 p.m. Friday until 6:00 a.m. Monday
- Weekdays: 8:00 p.m. until 6:00 a.m.

(3) On-call service is a pre-arranged service by which COH places a request to have a consultant available for remote technical assistance accessible by pager for a specified time period. If service is required it will be billed at the on call rates (see above). This service will be provided remotely via a telecommunications link.

(4) Remote consulting is an hourly rate for consulting services provided via a telecommunications link during business hours (Monday 6:00 a.m. through Friday 8:00 p.m.).

The following notes apply to all categories:

(5) Expenses such as tolls, parking fees, car rental, telephone, hotels and actual cost of meals (not to exceed $10.00 for breakfast, $15.00 for lunch and $35.00 for dinner) will be charged as incurred per visit. Travel costs and living expenses are calculated from the Consultant's principal office, portal to portal. Coach class airline travel will be utilized unless otherwise authorized by COH. Work performed at COH's designated location is subject to a minimum charge equal to the half day rate for each Consultant assigned.

(6) If COH-specific customizations are carried out in SAP's computer center, a machine time surcharge of $500 per day will be added to the above rates. If a separate test system is required to carry out Modifications and Extensions, an additional fee will be charged, based on resources required.

(7) If services are pre-arranged and COH cancels with less than two business days notice, COH will be billed for one consulting day at the applicable K-Rate.

(8) The Out-of-Scope rates quoted will be locked in for the term of the contract with COH.

Issue Resolution Process

The following issue resolution process will be used during the Project:

1. Identify and enter Issue in Issue database. Responsibility: Project Team Members

2. Within two (2) working days all new issues will be prioritized, given a due date and assigned for research and documentation. The issue will be assigned to the appropriate person based on work effort, severity and priority. Responsibility: SAP Project Manager in consultation with COH Project Manager

3. Once the Issue has been assigned, the appropriate team member(s) are responsible for completing the assigned follow-up tasks and resolving the issue by the assigned due date. The typical timeframes for resolving an issue are as follows:

- High Priority: not to exceed 3 days
- Medium Priority: 5 days
- Low Priority: 7 days

For High Priority items, the COH Project Manager and SAP Project Manager can agree to establish a shorter timeframe for resolution, with assistance from the COH Program Manager and Project Sponsors and SAP CEM where necessary.

The COH or SAP Project Manager may choose to escalate an issue to the COH Program Manager or SAP CEM. Types of issues that will be escalated include issues that:

- Have a significant impact on the project or the organization
- Have a significant impact on project scope
- May result in additional cost to SAP or COH
- Will cause the project to become delayed or a deliverable missed
- Have been unresolved for over 21 days

Unless mutually agreed upon, issues that are escalated to the COH Project Sponsors or SAP Account Executive will be resolved within 3 working days. If no resolution is found, the issue will be escalated to COH and SAP senior management for final resolution.

Project Change Control

Changes to the Project may be requested at any time by COH or SAP. Since a change could affect the fees, schedule, scope or other terms of the Contract or the Statement of Work, both COH and SAP must review and take appropriate action on each requested change, in writing, prior to implementation in accordance with these procedures.

Change Order Procedure

Any change to the Statement of Work must be agreed to in writing by the parties. The following procedure will be used to control all changes, whether requested by COH or SAP:

All Requests for Changes ("RFC") to the Statement of Work, a copy of which is attached hereto, must be made in writing and shall be submitted by the appropriate Project Manager. Each request should contain the following information:

- Reason for change;
- Impact, if any, on existing Deliverables and/or definition of additional Deliverables;
- Estimated impact, if any, on project schedule;
- Estimated impact, if any, on project staffing; and,
- Estimated change, if any, in project fees and/or costs.

- All RFC's must be submitted to the appropriate Project Manager. The Project Manager shall review and accept or reject the RFC. If rejected, the RFC shall be returned to the submitting party with written reasons for rejection and, as appropriate, any alternatives.
- All approved RFC's will be incorporated into the Statement of Work via written amendment. SAP will not perform any services outside of the Statement of Work until the amendment has been executed by COH.

Request For Change

This document must be completed and submitted to the appropriate Project Manager to commence any change order.

1. Describe the reason for the requested change:

2. A. Describe the impact, if any, on existing Deliverables:

   B. Describe additional Deliverables required as a result of the requested change, if any:

3. Describe the impact, if any, to the existing Project Schedule. Provide a revised Project Schedule, if appropriate.

4. Describe the impact to Project Staffing.

5. State the estimated change, if any, to the project fees and/or costs. Provide the rationale/methodology used to calculate any change.

Acceptance:	**Acceptance:**
SAP Public Services, Inc.	**City of Houston**
Signature: _____	***Signature:*** _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Deliverable Acceptance Process

SAP will deliver each completed Deliverable on the appropriate Milestone Date, as set forth under Payment Schedule. Upon delivery to the COH Project Manager, COH shall have 10 COH business days to accept or reject ("Acceptance Period") the Deliverable, using reasonable discretion, based on the requirements agreed to in Attachment I for that Deliverable. If COH notifies SAP that it has rejected the Deliverable, COH shall provide written notice, within such 10-day period, specifying the basis of the deficiency.

SAP shall have a reasonable period to cure such deficiency and redeliver the Deliverable for an additional Acceptance Period. If COH fails to reject any Deliverable within the Acceptance Period, in writing specifying the deficiency, COH shall be deemed to have accepted such Deliverable as of the tenth day of the Acceptance Period. Upon acceptance of a Deliverable, all Services associated with such Deliverable shall be deemed accepted and SAP shall have no further obligation with respect to an accepted Deliverable. The fees for an accepted Deliverable shall be due and payable upon the date the Deliverable is accepted or deemed to be accepted.

Any changes to any Deliverable after acceptance will be subject to a change order request in accordance with the Project Change Order Procedure identified in this Statement of Work. Once accepted by COH, Deliverables will become the basis for current Project work. Subsequent revision to accepted Deliverables that cause significant rework will need to be addressed between COH and SAP and approved under a mutually acceptable and executed Change Order to this Statement of Work.

EXCEPTION: COH will have 15 COH business days to review and approve Business Blueprint in accordance with, and subject to, this Deliverable Acceptance Process.

Partial payment for deliverables that have not been fully completed and accepted will not be considered.

Glossary of Terms – for information purposes only

mySAP ERP 2004 Software means the SAP Software licensed by SAP to COH under Appendix 1 to the Software End-User License Agreement. mySAP ERP 2004 Software is the application software licensed by COH to support Financial, Procurement and HR/Payroll operations for COH. This application will be configured for COH business use.

SAP ERP System – means the SAP Software configured per the COH Business Blueprint.

SAP Solution Manager - The SAP Solution Manager is the central platform for managing your mySAP Business Suite throughout its entire life cycle: from the start of the project through the functional and technical implementation to regular operations and the optimization of operations.

This centralized platform bundles the tools and methodologies from SAP that you need for solution management during each and every phase of the solution life cycle. It consists of an operations area for ordering and performing SAP Support Services, a solution monitoring area, and a support area for activities such as message handling and SAP Note search and automatic implementation.

The SAP Solution Manager is compatible with all solutions of mySAP Business Suite. The SAP Solution Manager is the quickest link to SAP Active Global Support.

Sandbox - A "Sandbox" is a system environment that allows a project team to experiment with configuration, technical settings and development. The Sandbox is not part of the standard technical environment landscape and thus users can experiment without being concerned with any potential conflicts in the Development, Quality Assurance (Testing), or Production environments. The Sandbox is periodically refreshed by a copy of the Production system (with or without master data) or other system as needed.

RWD Info Pak - means the RWD InfoPak Software licensed by SAP to COH under Appendix 3 to the Software End-User License Agreement.

Info Pak is a total Performance Support Solution enabling rapid creation, maintenance, organization and distribution of high-quality documentation. Authors, using Info Pak, can create SAP documentation automatically by running SAP transactions. As the author progresses through each transaction, Info Pak captures each step and then converts the result into professionally formatted documentation that can be leveraged by many different users. Documents can be printed and used for training and reference purposes, or quickly published to a Web-based online help system. The help system provides users with immediate access to the most current support documentation directly from within each SAP transaction.

KPI documentation – Key Performance Indicators to gauge key business activity performance.

Stress and volume test - The purpose of stress test is to confirm that the system can carry the full volume of COH's business processes, enabling potential improvements to system performance before going live. The purpose of volume test is to confirm that the configured production environment is viable for production operation of all business processes.

Post Production Support Plan - The Post Production Support Plan is a deliverable generated during the project Realization stage and refined during the Final Preparation stage. The plan includes items such as:

- define the production support team
- create the help desk (or incorporate SAP support in the existing help desk infrastructure)
- define help desk procedures
- create the disaster recovery plan and procedures
- reorganize the implementation team for production support

RWD Help Launchpad - ***RWD Info Pak®*** - ***Help Launchpad*** means the RWD Help Launchpad software licensed by SAP to COH under Appendix 3 to the Software End-User License Agreement

This software provides a quick and easy approach to a context-sensitive, performance support solution in SAP 3.x, 4.0b, 4.5, 4.6, and Enterprise. In each environment, Info Pak - Help Launchpad allows for the original online help to be intact and accessible via SAP Extended Help. Online performance support materials are most effective when these materials are quickly and conveniently available to end-users. While a desktop icon or a link to a search page is effective, the most direct and effective link possible is one from a particular SAP task to the relevant topic or work instruction in an online performance support system. This approach allows individual users to access content specifically targeted for their organization, process, or location.

Transport Management System - SAP's Transport Management System (TMS) is used to organize, perform, and monitor transports between different SAP systems in a customers SAP system landscape. Any changes made to programs and system configurations are recorded by the SAP system in the Change and Transport System (CTS). Within an SAP system, the Transport Organizer manages these changes in requests, which are then transported through the system landscape and into the production system by the Transport Management System.

Attachment II

City of Houston
ERP Phase Acceptance Criteria

No.	Description		Comments
1	System documentation is current and complete for all software in production, and has been turned over to the City Project Manager. All configuration documentation has been approved by the respective module lead.	☐	
2	All deliverables for this phase are completed and accepted by COH & SAP per the acceptance process described in the Statement of Work.	☐	
3	All medium and high priority issues assigned to SAP in the test tracking log have been resolved.	☐	
4	Project team leads for COH and SAP have agreed (signed-off) that each of their business areas are operating in production as confirmed/expected (per Stage 3 completed deliverables).	☐	
5	For Phase II, all payroll frequencies have been processed without software exceptions (including Fire and Police Department payrolls) for two consecutive payroll cycles.	☐	

Attachment III
City of Houston
Proposed SAP Project Team Training Plan

	Description	Course Length (Days)	Public Course Fee	No. of Particip	Total Public Cost	No. of On-Site Days	Total Cost of On-Site	Recommended Team leads
Overview Courses								
Level 1								
SAP01	R/3 Overview (content must be reduced to fit shorter timeframe)	3	$1,575		$0	2 days/ 50 people	12700 + 1900 for travel	PM, Change/Trainng lead, and all functional project team leads
SAPTEC	R/3 Basis Technology	3	$1,575	6	$9,450			IT team (basis and abap)
	Overview Courses Sub-Total				***$9,450***		***$14,600***	
Basis Training - Basis Administration								
Level 2								
ADM100	MySAP Technology Administration	5	$3,250	4	$13,000		$ -	Basis, security, interface
Level 3								
ADM102	Advanced System Admin.	3	$1,950	2	$3,900		$ -	Basis team leads
ADM5XX	Database Administration (course will depend on database chosen)	3	$1,950	2	$3,900		$ -	Basis team leads
	Basis Training Sub-Total				***$20,800***		***$0***	
ABAP Programming								
Level 2								
BC400	ABAP Workbench: Foundations and Concepts 4.7	5	$2,750	2	$5,500		$ -	ABAPers and conversion team lead
Level 3								
BC430	ABAP Dictionary	2	$1,100	2	$2,200		$ -	ABAPers and conversion team lead
BC401	ABAP Objects	5	$2,750	2	$5,500		$ -	ABAPers and conversion team lead
	ABAP Workbench Sub-Total				***$13,200***		***$0***	
Communication Interface								
Level 2								
BIT100	Business Integration Technoloy	3	$1,650	2	$3,300		$ -	Interface leads
	Communication Interface Sub-Total				***$3,300***		***$0***	
Business Workflow								
Level 2								

Attachment III
City of Houston
Proposed SAP Project Team Training Plan

	Description	Course Length (Days)	Public Course Fee	No. of Particip	Total Public Cost	No. of On-Site Days	Total Cost of On-Site	Recommended Team leads
BIT600	SAP WebFlow - Concepts, Inboxes, Reporting & Template Usage	2	$1,100	2	$2,200		$ -	IT workflow members
Level 3								
BIT601	Business Workflow - Build & Use	5	$2,750	2	$5,500		$ -	IT workflow members
BIT610	Business Workflow - Programming	3	$1,650	2	$3,300		$ -	IT workflow members
	Business Workflow Sub-Total				***$11,000***		***$0***	
Security Courses								
Level 3								
ADM940	R/3 Authorization Concepts	3	$1,575	2	$3,150		$ -	Security members
ADM950	Secure SAP System Management	2	$1,100	2	$2,200		$ -	Security members
ADM960	Security in SAP System Environment	3	$1,950	2	$3,900		$ -	Security members
	Security Courses Sub-Total				***$9,250***		***$0***	
Procurement								
Level 2								
SCM500	Processes in Procurement	5	$2,750	2	$5,500		$ -	Purchasing leads
Level 3								
SCM510	Inventory Management and Physical Inventory	5	$2,750	1	$2,750			Warehouse/Inventory MM lead
SCM515	Invoice Verification	3	$1,650	2	$3,300		$ -	Purchasing leads
SCM520	Purchasing Details and Optimization	5	$2,750	2	$5,500		$ -	Purchasing leads
	Procurement Sub-Total				***$17,050***		***$0***	
Project System								
Level 2								
PLM200	Project Management	3	$1,650	2	$3,300		$ -	Projects team lead and Controller lead
Level 3								
PLM210	Project Management - Structures 4.7	3	$1,650	2	$3,300		$ -	Projects team lead and Co lead
PLM220	Project Management - Logistics	5	$2,750	2	$5,500		$ -	Projects team lead and Co lead
	Project System Sub-Total				***$12,100***		***$0***	
Financial Management and Accounting								
Level 2								
WNAPSF	Financial Accounting and Reporting - for Public Services	5	$2,875	4	$11,500		$ -	Controller lead, GL, Funds, Grants team leads
Level 3								

CITY OF HOUSTON
Health and Human Services Department

8000 N. Stadium Drive,
Houston, Texas 77054-1823

Fax

To: Pat Lewis **Date:** 03/27/08 ☒ **Urgent**

Fax Number: 713 247-3039 **Phone Number:** ☐ **Please comment**

From: Adrenia Webster **Pages:** 04 ☒ **For Review**

Fax Number: **Phone Number:** 713 794-9125 ☐ **Please Reply**

CC: ☐ **Please Recycle**

Comments

Webster, Adrenia - HLT

From: Webster, Adrenia - HLT
Sent: Thursday, March 27, 2008 10:21 AM
To: Lewis, Pat - ARA
Subject: FW: Open Purchase Card
Importance: High

Pat

In reference to the approved Mayor's letter dated, February 21, 2008, Cynthia Cruz is requesting for a one-time override to purchase food on Friday, March 28th. I will fax the Mayor's approval shortly.

Thanks
Adrenia

From: Bonier, Kirby - HLT
Sent: Tuesday, March 25, 2008 10:59 AM
To: Webster, Adrenia - HLT
Cc: Cruz, Cynthia - HLT; Simpson, Brenda - HLT
Subject: Open Purchase Card
Importance: High

Hello Adrenia,

Please open Cynthia's purchase card on Thursday, March 27, 2008 to purchase food for our training on this Friday morning. Also, Cynthia will provide you with the Mayor's letter.

Thanks,

Kirby Bonier, MS
Administration Manager
Bureau of HIV/STD Prevention
City of Houston - HDHHS
8000 N. Stadium Dr., 5th Floor
Houston, Tx. 77054
Phone: 713-794-9963
Fax: 713-794-9901
Email: kirby.bonier@cityofhouston.net

CITY OF HOUSTON — Interoffice Correspondence

Bureau of HIV/STD & Viral Hepatitis

To: Bill White, Mayor

From: Stephen L. Williams, M.Ed., M.P.A.
Director, Health and Human Services

Date: February 21, 2008

Subject: FY08 Authorization Request to Purchase Refreshments and Promotional Items

Each year, the Bureau of HIV/STD and Viral Hepatitis Prevention observes several days that have become significant in HIV/AIDS education and prevention; which are:

National Black HIV/AIDS Awareness and Information Day
National Black Church Week of Prayer for the Healing of AIDS
National Women and Girls HIV/AIDS Awareness Day
National Native HIV/AIDS Awareness Day
HIV Vaccine Awareness Day
National Asian and Pacific Islander HIV/AIDS Awareness Day
National HIV Testing Day
National Latino AIDS Awareness Day
World AIDS Day
World Hepatitis Day

As we plan to observe these days of significance, we often provide food, refreshments, and incentives to encourage participation and testing so that the target populations can become aware of their status and receive appropriate referrals to help reduce the spread of HIV/AIDS.

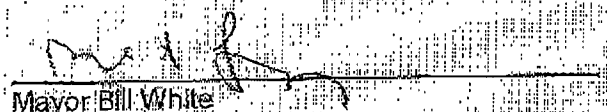
Therefore, the Bureau of HIV/STD and Viral Hepatitis Prevention is requesting authorization to use grant funds for fiscal year 2008, January 1 through December 31, to purchase food and other incentives/promotional items for the Significant Days of Observance and the following programs:

PROGRAM	ITEM TO PURCHASE	ESTIMATED COST	FUNDING SOURCE
Parents Matter	Hotel conference rooms, valet parking, food, refreshments, bus tokens, promotional items, gift cards, printing, catering, sound and audio visual equipment	$5,700.00	General Fund and Grant Funds (CDC) Cooperative Agreement, Department of State Health Services, and Harris County Public Health and Environmental Services

Adult Viral Hepatitis Prevention	Hotel conference rooms, valet parking, food, refreshments, bus tokens, promotional items, gift cards, printing, catering, sound and audio visual equipment.	$ 4,000.00	General Fund and Grant Funds (CDC) Cooperative Agreement, Department of State Health Services, and Harris County Public Health and Environmental Services.
SPNS	Hotel conference rooms, valet parking, food, refreshments, bus tokens, promotional items, gift cards, printing, catering, sound and audio visual equipment.	$4,000.00	General Fund and Grant Funds (CDC) Cooperative Agreement, Department of State Health Services, and Harris County Public Health and Environmental Services.
CPG, Bureau and community-wide functions	Hotel conference rooms, valet parking, food, refreshments, bus tokens, promotional items, gift cards, printing, catering, sound and audio visual equipment.	$ 6,000.00	General Fund and Grant Funds (CDC) Cooperative Agreement, Department of State Health Services, and Harris County Public Health and Environmental Services.
Syphilis Elimination	Hotel conference rooms, valet parking, food, refreshments, bus tokens, promotional items, gift cards, printing, catering, sound and audio visual equipment.	$17,000.00	General Fund and Grant Funds (CDC) Cooperative Agreement, Department of State Health Services, and Harris County Public Health and Environmental Services.
Training and Capacity Building	Hotel conference rooms, valet parking, food, refreshments, bus tokens, promotional items, gift cards, printing, catering, sound and audio visual equipment.	$ 6,500.00	General Fund and Grant Funds (CDC) Cooperative Agreement, Department of State Health Services, and Harris County Public Health and Environmental Services.

If additional information is needed regarding this request, please contact Marlene McNeese-Ward, Bureau Chief, HIV/STD and Viral Hepatitis Prevention at 713-794-9307.

APPROVED:



Mayor Bill White